

John Taolo Gaetsewe

District Municipality

[These financial statements have not been audited]

FINANCIAL STATEMENTS

30 JUNE 2009

Index

<i>Contents</i>	<i>Page</i>
General Information	1
Approval of the Financial Statements	2
Report of the Chief Financial officer	3
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes In Net Assets	7
Cash Flow Statement	8
Accounting Policies	9
Notes to the Financial Statements	27
 APPENDICES	
A Schedule of External Loans	55
B Analysis of Property, Plant and Equipment	56
C Segmental Analysis of Property, Plant and Equipment	58
D Segmental Statement of Financial Performance - Municipal Votes	59
E (1) Actual Versus Budget (Revenue and Expenditure)	60
E (2) Actual Versus Budget (Acquisition of Property, Plant and Equipment)	61
F Disclosure of Grants and Subsidies In Terms of Section 123 of MFMA, 56 of 2003	62
G Implementation plan to comply with the requirements of General Recognised Accounting Practices	63

John Taolo Gaetsewe District Municipality
FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

GENERAL INFORMATION

NATURE OF BUSINESS

John Taolo Gaetsewe District Municipality is a district municipality performing the functions as set out in the Constitution. (Act no 105 of 1996)

COUNTRY OF ORIGIN AND LEGAL FORM

South African Category B Municipality (Local Municipality) as defined by the Municipal Structures Act. (Act no 117 of 1998)

JURISDICTION

The **John Taolo Gaetsewe District** Municipality includes the following areas:

Gamagara Local Municipality
Ga-Segonyana Local Municipality
Moshaweng Local Municipality

MEMBERS OF THE MAYORAL COMMITTEE

Executive Mayor
Speaker
Executive Councillor
Executive Councillor
Executive Councillor
Executive Councillor

*S.B. Gaobusiwe
S. Mosikatsi
O.C. Mogodi
M.Eilerd
M.E.Mochwari
L.J Motlhaping*

MUNICIPAL MANAGER(Acting)

Sipho Abednigo Sebusho

CHIEF FINANCIAL OFFICER

Sharona French-Sulliman

REGISTERED OFFICE

*P.O. Box 1480
KURUMAN
8460*

AUDITORS

Auditor-General
Private Bag X 5013
KIMBERLEY
8300

PRINCIPLE BANKERS

ABSA BANK

RELEVANT LEGISLATION

Municipal Finance Management Act (Act no 56 of 2003)
Division of Revenue Act
The Income Tax Act
Value Added Tax Act
Municipal Structures Act (Act no 117 of 1998)
Municipal Systems Act (Act no 32 of 2000)
Municipal Planning and Performance Management Regulations
Water Services Act (Act no 108 of 1997)
Housing Act (Act no 107 of 1997)
Municipal Property Rates Act (Act no 6 of 2004)
Electricity Act (Act no 41 of 1987)
Skills Development Levies Act (Act no 9 of 1999)
Employment Equity Act (Act no 55 of 1998)
Unemployment Insurance Act (Act no 30 of 1966)
Basic Conditions of Employment Act (Act no 75 of 1997)
Supply Chain Management Regulations, 2005
Collective Agreements
Infrastructure Grants
SALBC Leave Regulations

MEMBERS OF THE MUNICIPALITY

COUNCILLOR

Proportional	S.B. Gaobusiwe
Proportional	S. Mosikatsi
Proportional	O.C. Mogodi
Proportional	M. Eilerd
Proportional	M.R. Shuping
Proportional	K.V. Gondwe
Proportional	M.M. Matebesi
Delegated from Gamagara	O. Nampe
Delegated from Ga-Segonyana	T.E.Meyers
Delegated from Ga-Segonyana	O.A.Gaetsewe
Delegated from Ga-Segonyana	O.D. Nosang
Delegated from Ga-Segonyana	K.G. Mosikatse
Delegated from Ga-Segonyana	P. Leserwane
Delegated from Moshaweng	L. Motlhaping
Delegated from Moshaweng	E. Mochwari
Delegated from Moshaweng	O.H. Kgopodithate
Delegated from Moshaweng	T.L. Seikaneng

APPROVAL OF FINANCIAL STATEMENTS

I am responsible for the preparation of these annual financial statements, which are set out on pages 1 to 65 in terms of Section 126 (1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

S.A.Sebusho
Municipal Manager(Acting)

Date

REPORT OF THE CHIEF FINANCIAL OFFICER

I am glad to report that the Gamap /Grap implementation is almost complete and Council adheres to these standards.

For the period under review the asset register was modified, essentially to address issues raised in the 2008/2009 audit report. However there is still work to be done.

Furthermore, the Hotazel infrastructure assets were revalued to determine the fair value of the assets. This was the basis for a qualified opinion at 30 June 2008.

I would like to comment on the operations for the financial year ended 30 June 2009.

1. Operating Results

Details of the 2008/09 operating results per department and classification of revenue and expenditure are included in the Statement of Financial Performance and Appendix D and E.

The total expenditure as at 30 June 2009 amounts to R 104 957 463.00 and the income was R100 359 206.00. The operating results ended with a deficit of R 4 598 257.00. In the Statements of Changes in Net Asset for the year is R3 017 226.00 reflected under the line.

2. Capital Expenditure

The total capital expenditure for the acquisition of asset was R2 135 495.00, financed from the Capital Replacement Reserve. The following table indicates a breakdown of the capital expenditure

Description	Amount (R)
Buildings	558 160.00
Vehicles ,Furniture & Computer Hardware	1 577 335.00
Computer Software	155 799.00

An amount of R1, 2 million was budgeted to replace equipment owned by Hotazel Manganese Mines; however, there was no need to spend it.

3. Cash Flow

The municipality is experiencing a cash flow problem. The available cash at 30 June 2009 was R4 139 991.00 and the unspent funds amounted to R12 195 820.00. The capital Replacement Reserve has no funds and as a result there are serious challenges to finance 2009/10 capital items.

4. Status of Financial Controls

Accounting controls are in place and all financial registers, subsidiary ledgers, bank reconciliation, etc are performed daily/monthly. The municipality also met all its statutory obligations such as Vat, PAYE, Uif, etc during the period under review.

5. Expression of Appreciation

I am grateful for the support from the Mayor, Speaker, and Chairperson of the Finance Committee, members of the Finance Committee, Councilors, the Municipal Manager, Senior Managers, and the staff from the Finance Department for the understanding, support and assistance during the year.

S.French-Sulliman
Chief Financial Officer

John Taolo Gaetsewe District Municipality

STATEMENT OF FINANCIAL POSITION AT 30 JUNE 2009

	Notes	2009 R	2008 R
NET ASSETS AND LIABILITIES			
Net Assets		73 549 711	78 138 968
Capital Replacement Reserve	2	-	7 521 881
Donations and Public Contribution Reserve	2	43 279 599	44 808 825
Self Insurance Reserve	2	800 000	650 000
Revaluation Reserve	2	11 690 944	12 151 381
Accumulated Surplus/(Deficit)		17 779 168	13 006 881
Non-Current Liabilities		17 133 556	15 136 043
Long-term Liabilities	3	4 464 002	3 862 302
Non-current Provisions	4	12 669 554	11 273 741
Current Liabilities		17 362 084	17 052 549
Provisions	5	3 296 007	3 246 898
Trade and Other Payables	6	1 700 948	49 955
Unspent Conditional Government Grants and Receipts	7	12 195 820	13 684 082
Current Portion of Long-term Liabilities	3	169 309	71 614
Total Net Assets and Liabilities		108 045 351	110 327 560
ASSETS			
Non-Current Assets		88 879 446	90 244 194
Property, Plant and Equipment	10	87 167 801	88 620 916
Investment Property	10	1 365 000	1 365 000
Intangible Assets	13	342 805	254 438
Investments	14	3 840	3 840
Current Assets		19 165 905	20 083 366
Inventory	15	32 900	29 810
Trade Receivables from exchange transactions	16	3 185 894	1 165 590
Other Receivables from non-exchange transactions	17	189 596	4 033 689
Unpaid Conditional Government Grants and Receipts	7	4 818 596	
Taxes	8	6 798 928	1 710 371
Cash and Cash Equivalents	41	4 139 991	13 143 906
Total Assets		108 045 351	110 327 560

John Taolo Gaetsewe District Municipality

STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
REVENUE			
Revenue from Non-exchange Transactions		50 446 986	100 309 401
Taxation Revenue		21 681	20 689
Property taxes	19	21 681	20 689
Transfer Revenue		49 915 284	100 147 172
Government Grants and Subsidies	20	49 915 284	47 771 169
Public Contributions and Donations			41 882
Contributed Property, Plant and Equipment		-	52 334 121
Other Revenue		510 021	141 540
Fines		-	8
Levies		510 021	141 532
Revenue from Exchange Transactions		49 912 220	28 716 332
Property Rates - penalties imposed and collection charges		-	-
Service Charges	23	5 544 882	3 272 762
Rental of Facilities and Equipment		57 006	45 057
Interest Earned - external investments	24	1 814 455	1 755 279
Interest Earned - outstanding receivables	25	-	10 410
Workshop Income		2 446 315	2 130 263
Other Income - Projects		33 870 530	17 902 421
Other Income		6 179 032	3 600 140
Total Revenue		100 359 206	129 025 733
EXPENDITURE			
Employee related costs	27	34 028 767	30 302 320
Remuneration of Councillors	28	2 877 509	3 021 096
Debt Impairment	29		75 000
Collection Costs		46 264	41 893
Depreciation and Amortisation	30	4 039 535	1 808 250
Repairs and Maintenance		6 999 688	14 425 027
Actuarial Losses	4	452 024	963 000
Finance Costs	31	1 633 624	1 212 592
Bulk Purchases	32	4 775 692	1 648 601
Project Cost		39 524 769	18 708 367
Grants and Subsidies Paid	33	80 000	878 000
General Expenses	34	10 499 591	7 357 146
Total Expenditure		104 957 463	80 441 292
Operating Surplus for the Year		(4 598 257)	48 584 441
Gains/(Loss) on Sale of Assets			70 131
(Impairment loss)/Reversal of impairment loss			(4 439 467)
Profit/(Loss) on Fair Value Adjustments			1 364 500
NET SURPLUS/(DEFICIT) FOR THE YEAR		(4 598 257)	45 579 605
Refer to Appendix E(1) for explanation of variances			

John Taolo Gaetsewe District Municipality

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED 30 JUNE 2009

	Capital Replacement Reserve	Donations and Public Contribution Reserve	Self Insurance Reserve	Revaluation Reserve	Accumulated Surplus/ (Deficit)	Total
	R	R	R	R	R	R
Balance at 1 July 2007	-	-	-	-	-	-
Correction of Error - note						-
Change in Accounting Policy - note						-
Restated balance	-	-	-	-	-	-
Net Surplus/(Deficit) for the year						-
Transfer to/from CRR						-
Property, Plant and Equipment purchased	7 521 881	44 808 825	650 000	12 151 381	13 006 881	78 138 968
Capital Grants used to purchase PPE						-
Transfer to Housing Development Fund						-
Asset Disposals						-
Offsetting of depreciation						-
Balance at 30 June 2008	7 521 881	44 808 825	650 000	12 151 381	13 006 881	78 138 968
Correction of Error - note	-	-	-	-	-	-
Change in Accounting Policy - note						-
Restated balance	7 521 881	44 808 825	650 000	12 151 381	13 006 881	78 138 968
Net Surplus/(Deficit) for the year					(4 598 257)	(4 598 257)
Transfer	300 000		150 000		(450 000)	-
Property, Plant and Equipment purchased	(2 249 924)				2 249 924	-
Capital Grants used to purchase PPE					41 368	41 368
Capital Replacement Reserve Written Back	(5 571 957)				5 571 957	-
Capital Financed from Income Account (Grant)					(41 368)	(41 368)
Offsetting of depreciation		(1 529 226)		(460 437)	1 989 663	-
Correction Curret Year Defict					9 000	-
Balance at 30 June 2009	-	43 279 599	800 000	11 690 944	17 779 168	73 540 711

John Taolo Gaetsewe District Municipality

CASH FLOW STATEMENT FOR THE YEAR ENDED 30 JUNE 2009

	Notes	2009 R	2008 R
CASH FLOW FROM OPERATING ACTIVITIES			
Cash receipts from ratepayers, government and other		153 389 416	126 033 316
Cash paid to suppliers and employees		(161 150 711)	(71 908 964)
Cash generated/(absorbed) by operations	40	(7 761 295)	54 124 352
Interest Received		1 814 455	1 765 689
Interest Paid		(1 633 624)	(1 212 592)
Net Cash from Operating Activities		(7 580 464)	54 677 449
CASH FLOW FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment		(2 135 495)	(60 155 079)
Proceeds on Disposal of Fixed Assets			78 735
(Increase)/Decrease in Investment Properties			(1 365 000)
(Increase)/Decrease in Non-current Investments		-	222
Net Cash from Investing Activities		(2 135 495)	(61 441 122)
CASH FLOW FROM FINANCING ACTIVITIES			
New loans raised/(repaid)		712 044	(10 952)
Net Cash from Financing Activities		712 044	(10 952)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9 003 915)	(6 774 625)
Cash and Cash Equivalents at the beginning of the year		13 143 906	19 918 531
Cash and Cash Equivalents at the end of the year	41	4 139 991	13 143 906
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS		(9 003 915)	(6 774 625)

ACCOUNTING PRINCIPLES AND POLICIES APPLIED IN THE FINANCIAL STATEMENTS

1. BASIS OF PREPARATION

The annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

These annual financial statements have been prepared in accordance with Directive 5 “Determining the GRAP Reporting Framework”, issued by the Accounting Standards Board.

The standards are summarised as follows:

GRAP 1	Presentation of Financial Statements
GRAP 2	Cash Flow Statements
GRAP 3	Accounting Policies, Changes in Accounting Estimates and Errors
GRAP 4	The Effects of changes in Foreign Exchange Rates
GRAP 5	Borrowing Costs
GRAP 6	Consolidated and Separate Financial Statements
GRAP 7	Investments in Associate
GRAP 8	Interests in Joint Ventures
GRAP 9	Revenue from Exchange Transactions
GRAP 10	Financial Reporting in Hyperinflationary Economies
GRAP 11	Construction Contracts
GRAP 12	Inventories
GRAP 13	Leases
GRAP 14	Events after the reporting date
GRAP 16	Investment Property
GRAP 17	Property, Plant and Equipment (PPE)
GRAP 19	Provisions, Contingent Liabilities and Contingent Assets
GRAP 100	Non-Current Assets Held for Sale and Discontinued Operations
GRAP 101	Agricultural
GRAP 102	Intangible assets

- 9 -

Accounting policies for material transactions, events or conditions not covered by the above GRAP have been developed in accordance with paragraphs 7, 11 and 12 of GRAP 3.

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are

A summary of the significant accounting policies, which have been consistently applied except where an exemption or transitional provision has been granted, are disclosed below.

Assets, liabilities, revenue and expenses have not been offset except when offsetting is permitted or required by a Standard of GRAP.

The accounting policies applied are consistent with those used to present the previous year's financial statements, unless explicitly stated. The details of any changes in accounting policies are explained in the relevant notes to the Financial Statements.

In terms of Directive 4: "Transitional Provisions for the Adoption of Standards of GRAP by Medium and Low Capacity Municipalities" issued by the Accounting Standards Board the municipality has adopted the transitional provisions for the following GRAP Standards:

GRAP 17 – Property, Plant and Equipment

2. PRESENTATION CURRENCY

Amounts reflected in the financial statements are in South African Rand and at actual values. No financial values are given in an abbreviated display format. No foreign exchange transactions are included in the statements.

3. GOING CONCERN ASSUMPTION

These annual financial statements have been prepared on a going concern basis.

4. COMPARATIVE INFORMATION

Budget information in accordance with GRAP 1, has been provided in an annexure to these financial statements and forms part of the audited annual financial statements.

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated, unless a standard of GRAP does not require the restatements of comparative information. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

- 10 -

5. STANDARDS, AMENDMENTS TO STANDARDS AND INTERPRETATIONS ISSUED BUT NOT YET EFFECTIVE

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 18	Segment Reporting
GRAP 21	Impairment of non-cash-generating assets
GRAP 22	Revenue from Non-Exchange Transactions (Taxes and

GRAP 21	Impairment of non-cash-generating assets
GRAP 23	Revenue from Non-Exchange Transactions (Taxes and Transfers)
GRAP 24	Presentation of Budget Information in Financial Statements
GRAP 26	Impairment of cash-generating assets
GRAP 103	Heritage Assets

6. FOREIGN CURRENCY TRANSACTIONS

The Municipality will not incur a foreign currency liability other than that allowed by the MFMA.

7. RESERVES

7.1 Capital Replacement Reserve (CRR)

In order to finance the provision of infrastructure and other items of property, plant and equipment from internal sources, amounts are transferred from the accumulated surplus / (deficit) to the CRR in terms of a Council Resolution for approval thereof. The cash in the CRR can only be utilized to finance items of property, plant and equipment. The CRR is reduced and the accumulated surplus / (Deficit) are credited by a corresponding amount when the amounts in the CRR are utilized.

The amount transferred to the CRR is based on the municipality's need to finance capital projects included in the Integrated Development Plan.

The CRR may only be utilized for the purpose of purchasing/ construction of items of property, plant and equipment and may not be used for the maintenance of these items.

7.2 Revaluation Reserve

The surplus arising from the revaluation of land and buildings is credited to a non-distributable reserve. The revaluation reserve is realized as revaluated buildings are depreciated, through a transfer from the Revaluation Reserve to the accumulated surplus / (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus / (deficit) while gains or losses on disposal, based on revaluated amounts, are charged to the Statement of Financial Performance.

8. LEASES

8.1 Municipality as Lessee

Leases are classified as finance leases where substantially all the risks and rewards associated with ownership of an asset are transferred to the municipality. Transfer of ownership is not required to be recognised as a finance lease. Property, plant and equipment or intangible assets subject to finance lease agreements are initially recognised at the lower of the asset's fair value and the present value of the minimum lease payments. The corresponding liabilities are initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the

initially recognised at the inception of the lease and are measured as the sum of the minimum lease payments due in terms of the lease agreement, discounted for the effect of interest. In discounting the lease payments, the municipality uses the interest rate that exactly discounts the lease payments and unguaranteed residual value to the fair value of the asset plus any direct costs incurred.

Subsequent to initial recognition, the leased assets are accounted for in accordance with the stated accounting policies applicable to property, plant and equipment or intangibles. The lease liability is reduced by the lease payments, which are allocated between the lease finance cost and the capital repayment using the effective interest rate method. Lease finance costs are expensed when incurred. The accounting policies relating to derecognition of financial instruments are applied to lease payables.

Operating leases are those leases that do not fall within the scope of the above definition. Operating lease rentals are accrued on a straight-line basis over the term of the relevant lease.

8.2 Municipality as Lessor

Under a finance lease, the municipality recognises the lease payments to be received in terms of a lease agreement as an asset (receivable). The receivable is calculated as the sum of all the minimum lease payments to be received, plus any unguaranteed residual accruing to the municipality, discounted at the interest rate implicit in the lease. The receivable is reduced by the capital portion of the lease instalments received, with the interest portion being recognised as interest revenue on a time proportionate basis. The accounting policies relating to derecognition and impairment of financial instruments are applied to lease receivables.

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease.

9. BORROWING COST

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are capitalised to the cost of that asset unless it is inappropriate to do so. The municipality ceases the capitalisation of borrowing costs when substantially all the activities to prepare the asset for its intended use or sale are complete. It is considered inappropriate to capitalise borrowing costs where the link between the funds borrowed and the capital asset acquired cannot be adequately

- 12 -

established. Borrowing costs incurred other than on qualifying assets are recognised as an expense in the Statement of Financial Performance when incurred.

10. UNSPENT CONDITIONAL GRANTS

Unspent conditional grants are financial liabilities that are separately reflected on the Statement of Financial Position. They represent unspent government grants, subsidies and contributions from the public.

11. PROVISIONS

Provisions are recognised when the municipality has a present or constructive obligation as a result of past events, it is probable that an outflow of resource embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate where the effect is material, non-

embodying economic benefits will be required to settle the obligation and a reliable estimate of the provision can be made. Provisions are reviewed at reporting date and adjusted to reflect the current best estimate. where the effect is material, non-current provisions are discounted to their present value using a discount rate that reflects the market's current assessment of the time value of money, adjusted for risks specific to the liability (for example in the case of obligations for the rehabilitation of land).

The municipality does not recognise a contingent liability or contingent asset. A contingent liability is disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is disclosed where an inflow of economic benefits is probable.

Future events that may affect the amount required to settle an obligation are reflected in the amount of a provision where there is sufficient objective evidence that they will occur. Gains from the expected disposal of assets are not taken into account in measuring a provision. Provisions are not recognised for future operating losses. The present obligation under an onerous contract is recognised and measured as a provision.

A provision for restructuring costs is recognised only when the following criteria over and above the recognition criteria of a provision have been met:

- (a) The municipality has a detailed formal plan for the restructuring identifying at least:
- the business or part of a business concerned;
 - the principal locations affected;
 - the location, function and approximate number of employees who will be compensated for terminating their services;
 - the expenditures that will be undertaken; and
 - when the plan will be implemented.
- (b) The municipality has raised a valid expectation in those affected that it will carry out the restructuring by starting to implement that plan or announcing its main features to those affected by it.

12. EMPLOYEE BENEFITS

(a) *Post Retirement Medical obligations*

The District Municipality provides post-retirement healthcare benefits to its retirees. The entitlement to these benefits is usually conditional on the employee remaining in service up to retirement age and the completion of a minimum service period. The expected costs of these benefits are accrued over the period of employment using the same accounting methodology as used for defined benefit pension plans. Actuarial gains and losses arising from experience adjustments, and changes in actuarial assumptions are charged or credited to the Statement of Financial Performance. These obligations are valued annually by independent qualified actuaries.

(b) *Accrued Leave Pay*

Liabilities for annual leave are recognised as they accrue to employees. The liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

liability is based on the total amount of leave days due to employees at year end and also on the total remuneration package of the employee.

13. PROPERTY, PLANT AND EQUIPMENT

13.1 Initial Recognition

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one year. Items of property, plant and equipment are initially recognised as assets on acquisition date and are initially recorded at cost. The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by the municipality. Trade discounts and rebates are deducted in arriving at the cost. The cost also includes the necessary costs of dismantling and removing the asset and restoring the site on which it is located.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Where an asset is acquired by the municipality for no or nominal consideration (i.e. a non-exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the assets acquired is initially measure at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

- 14 -

Major spare parts and servicing equipment qualify as property, plant and equipment when the municipality expects to use them during more than one period. Similarly, if the major spare parts and servicing equipment can be used only in connection with an item of property, plant and equipment, they are accounted for as property, plant and equipment.

13.2 Subsequent Measurement – Revaluation Model

Subsequent to initial recognition, Property, Plant and Equipment are carried at a revalued amount, unless otherwise stated in the relevant Notes to the Financial Statements, being its fair value at the date of revaluation less any subsequent accumulated depreciation and impairment losses.

An increase in the carrying amount of an asset as a result of a revaluation is credited directly to a revaluation surplus reserve, except to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

A decrease in the carrying amount of an asset as a result of a revaluation is recognised in surplus or deficit, except to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

13.3 Subsequent Measurement – Cost Model

existing in the revaluation surplus in respect of that asset.

13.3 Subsequent Measurement – Cost Model

Subsequent to initial recognition, items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Land is not depreciated as it is deemed to have an indefinite useful life.

Where the municipality replaces parts of an asset, it derecognises the part of the asset being replaced and capitalises the new component. Subsequent expenditure incurred on an asset is capitalised when it increases the capacity or future economic benefits associated with the asset.

13.4 Depreciation and Impairment

Depreciation is calculated on the depreciable amount, using the straight-line method over the estimated useful lives of the assets. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The annual depreciation rates are based on the following estimated useful lives

<u>Infrastructure</u>	<u>Years</u>	<u>Other</u>	<u>Years</u>
Roads and Paving	30	Buildings	30
Pedestrian Malls	30	Specialist vehicles	10
Electricity	20-30	Other vehicles	5
Water	15-20	Office equipment	3-7
Sewerage	15-20	Furniture and fittings	7-10
Housing	30	Watercraft	15
		Bins and containers	5
<u>Community</u>		Specialised plant and	

- 15 -

Buildings	30	Equipment	10-15
Recreational Facilities	20-30	Other plant and	
Security	5	Equipment	2-5
Halls	20-30	Landfill sites	15
Libraries	20-30	Quarries	25
Parks and gardens	15-20	Emergency equipment	10
Other assets	15-20	Computer equipment	3
<u>Heritage assets</u>			
No depreciation			
<u>Finance lease assets</u>			
Office equipment	3		
Other assets	5		

The residual value, the useful life of an asset and the depreciation method is reviewed annually and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of property, plant and equipment is greater than the estimated recoverable amount (or recoverable service amount), and an impairment loss is charged to the Statement of Financial Performance.

13.5 Derecognition

13.5Derecognition

Items of property, plant and equipment are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an item of property, plant and equipment is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

14. INTANGIBLE ASSETS

14.1Initial Recognition

An intangible asset is an identifiable non-monetary asset without physical substance. Examples include computer software, licences and development costs. The municipality recognises an intangible asset in its Statement of Financial Position only when it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality and the cost or fair value of the asset can be measured reliably.

Internally generated intangible assets are subject to strict recognition criteria before they are capitalised. Research expenditure is never capitalised, while development expenditure is only capitalised to the extent that:

- the municipality intends to complete the intangible asset for use or sale;
- it is technically feasible to complete the intangible asset;

- 16 -

- the municipality has the resources to complete the project; and
- it is probable that the municipality will receive future economic benefits or service potential.

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired by the municipality for no or nominal consideration (i.e. a non exchange transaction), the cost is deemed to be equal to the fair value of that asset on the date acquired.

Where an intangible asset is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, it's deemed cost is the carrying amount of the asset(s) given up.

14.2Subsequent Measurement – Cost Model

Intangible assets are subsequently carried at cost less accumulated amortisation and impairments. The cost of an intangible asset is amortised over the useful life where that useful life is finite. Where the useful life is indefinite, the asset is not amortised but is subject to an annual impairment test.

14.3Amortisation and Impairment

Amortisation is charged so as to write off the cost or valuation of intangible assets over their estimated useful lives using the straight line method. The annual amortisation rates are based on the following estimated useful lives:

Intangible Assets	Years
--------------------------	--------------

annual amortisation rates are based on the following estimated useful lives.

<u>Intangible Assets</u>	Years
Computer Software	3

The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at each reporting date and any changes are recognised as a change in accounting estimate in the Statement of Financial Performance.

The municipality tests intangible assets with finite useful lives for impairment where there is an indication that an asset may be impaired. An assessment of whether there is an indication of possible impairment is done at each reporting date. Where the carrying amount of an item of an intangible asset is greater than the estimated recoverable amount (or recoverable service amount), it is written down immediately to its recoverable amount (or recoverable service amount) and an impairment loss is charged to the Statement of Financial Performance.

14.3Derecognition

Intangible assets are derecognised when the asset is disposed or when there are no further economic benefits or service potential expected from the use of the asset. The gain or loss arising on the disposal or retirement of an intangible asset is

- 17 -

determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

15. INVESTMENT PROPERTY

15.1Initial Recognition

Investment property includes property (land or a building, or part of a building, or both land and buildings held under a finance lease) held to earn rentals and/or for capital appreciation, rather than held to meet service delivery objectives, the production or supply of goods or services, or the sale of an asset in the ordinary course of operations.

At initial recognition, the municipality measures investment property at cost including transaction costs once it meets the definition of investment property. However, where an investment property was acquired through a non-exchange transaction (i.e. where it acquired the investment property for no or a nominal value), its cost is its fair value as at the date of acquisition.

Transfers are made to or from investment property only when there is a change in use. For a transfer from investment property to owner occupied property, the deemed cost for subsequent accounting is the fair value at the date of change in use. If owner occupied property becomes an investment property, the municipality accounts for such property in accordance with the policy stated under property, plant and equipment up to the date of change in use

The cost of self-constructed investment property is the cost at date of completion.

15.2Subsequent Measurement – Fair Value Model

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

15.5Derecognition

Investment property is derecognised when it is disposed or when there are no further economic benefits expected from the use of the investment property. The gain or loss arising on the disposal or retirement of an item of investment property is determined as the difference between the sales proceeds and the carrying value and is recognised in the Statement of Financial Performance.

16. NON-CURRENT ASSETS HELD FOR SALE

16.1Initial Recognition

Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly

- 18 -

probable and the asset (or disposal group) is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

16.2Subsequent Measurement

Non-current assets held for sale (or disposal group) are measured at the lower of carrying amount and fair value less costs to sell.

A non-current asset is not depreciated (or amortised) while it is classified as held for sale, or while it is part of a disposal group classified as held for sale.

Interest and other expenses attributable to the liabilities of a disposal group classified as held for sale are recognised in surplus or deficit.

17. CONSTRUCTION CONTRACTS

Where the outcome of a construction contract can be estimated reliably, contract revenue and costs are recognised by reference to the stage of completion of the contract activity at the reporting date, as measured by either the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs or surveys of work done or completion of a physical proportion of the contract work.

Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

When the outcome of a construction contract cannot be estimated reliably, contract revenue is recognised to the extent that contract costs incurred are recoverable. Contract costs are recognised as an expense in the period in which they are incurred.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense immediately.

18. IMPAIRMENT OF ASSETS

expected loss is recognised as an expense immediately.

18. IMPAIRMENT OF ASSETS

The municipality assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the municipality estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's (CGU) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used.

- 19 -

20. FINANCIAL INSTRUMENTS

Financial instruments recognised on the balance sheet include trade and other receivables, cash and cash equivalents, annuity loans and trade and other payables.

20.1 Initial Recognition

Financial instruments are initially recognised at fair value.

20.2 Subsequent Measurement

Financial Assets are categorised according to their nature as either financial assets at fair value through profit or loss, held-to-maturity, loans and receivables, or available for sale. Financial Liabilities are categorised as either at fair value through profit or loss or financial liabilities carried at amortised cost ("other"). The subsequent measurement of financial assets and liabilities depends on this categorisation and, in the absence of an approved GRAP Standard on Financial Instruments, is in accordance with IAS 39.

20.2.1 Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

20.2.2 Trade and Other Receivables

For amounts due from debtors carried at amortised cost, the municipality first assesses individually whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. Objective evidence of impairment include significant financial difficulties of the debtor, probability that

financial assets that are not individually significant. Objective evidence of impairment include significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation and default or delinquency in payments (more than 120 days overdue). If the municipality determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

- 20 -

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognised in the income statement. Interest income continues to be accrued on the reduced carrying amount based on the original effective interest rate of the asset. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the municipality. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a future write-off is later recovered, the recovery is recognised in the income statement.

The present value of the estimated future cash flows is discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate.

20.2.3 Trade Payables and Borrowings

Financial liabilities consist of trade payables and borrowings. They are categorised as financial liabilities held at amortised cost, are initially recognised at fair value and subsequently measured at amortised cost which is the initial carrying amount, less repayments, plus interest.

20.2.4 Cash and Cash Equivalents

Cash includes cash on hand (including petty cash) and cash with banks (including call deposits). Cash equivalents are short-term highly liquid investments, readily convertible into known amounts of cash that are held with registered banking institutions with maturities of three months or less and are subject to an insignificant risk of change in value. For the purposes of the cash flow statement, cash and cash equivalents comprise cash on hand, deposits held on call with bank, net of bank overdrafts. The municipality categorises cash and cash equivalents as financial assets: loans and receivables.

Bank overdrafts are recorded based on the facility utilised. Finance charges on bank overdraft are expensed as incurred. Amounts owing in respect of bank overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

overdrafts are categorised as financial liabilities: other financial liabilities carried at amortised cost.

20.3Derecognition of Financial Instruments

20.3.1 Financial Assets

A financial asset (or, where applicable a part of a financial asset or part of a group of similar financial assets) is derecognised when:

- 21 -

- the rights to receive cash flows from the asset have expired; or
- the municipality has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) the municipality has transferred substantially all the risks and rewards of the asset, or (b) the municipality has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the municipality has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, and has neither transferred nor retained substantially all the risks and rewards of the asset nor transferred control of the asset, a new asset is recognised to the extent of the municipality's continuing involvement in the asset.

Continuing involvement that takes the form of a guarantee over the transferred asset, is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the municipality could be required to repay.

When continuing involvement takes the form of a written and/or purchased option (including a cash settled option or similar provision) on the transferred asset, the extent of the municipality's continuing involvement is the amount of the transferred asset that the municipality may repurchase, except that in the case of a written put option (including a cash settled option or similar provision) on an asset measured at fair value, the extent of the municipality's continuing involvement is limited to the lower of the fair value of the transferred asset and the option exercise price.

20.3.2 Financial Liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the income statement.

20.4Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount reported in the consolidated balance sheet if, and only if, there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

right to offset the recognised amounts and there is an intention to settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

20.5 Impairment of Financial Assets

- 22 -

The Municipality assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is deemed to be impaired if, and only if, there is objective evidence of impairment as a result of one or more events that has occurred after the initial recognition of the asset (an incurred 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and where observable data indicate that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

21. REVENUE

21.1 Revenue from Non-Exchange Transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis as an exchange transaction

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when payment is received, together with an estimate of spot fines and summonses that will be received based on past experience of amounts collected.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, it is recognised as an unspent public contribution (liability).

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

Municipal Finance Management Act (Act No. 56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

- 23 -

21.2 Revenue from Exchange Transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered/ goods sold, the value of which approximates the consideration received or receivable.

Service charges relating to electricity and water are based on consumption. Meters are read on a monthly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Service charges from sewerage and sanitation are based on the number of sewerage connections on each developed property using the tariffs approved from Council and are levied monthly.

Interest revenue is recognised using the effective interest rate method.

Revenue from the rental of facilities and equipment is recognised on a straight-line basis over the term of the lease agreement.

Dividends are recognised on the date that the Municipality becomes entitled to receive the dividend.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods are passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

21.3 Grants, Transfers and Donations

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset.

A corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. Grants without any conditions attached are recognised as revenue when the asset is recognised.

22. RELATED PARTIES

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. It includes full-time councillors, being the Executive Mayor, Deputy Mayor, Speaker and members of the Mayoral Committee. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

23. UNAUTHORISED EXPENDITURE

Unauthorised expenditure is expenditure that has not been budgeted, expenditure that is not in terms of the conditions of an allocation received from another sphere of government, municipality or organ of state and expenditure in a form of a grant that is not permitted in terms of the Municipal Finance Management Act (Act No. 56 of 2003). Unauthorised expenditure is accounted for as an expense in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

24. IRREGULAR EXPENDITURE

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No. 56 of 2003), the Municipal Systems Act (Act No. 32 of 200), the Public Office Bearers Act, and (Act. No. 20 of 1998) or is in contravention of the Municipality's Supply Chain Management Policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

25. FRUITLESS AND WASTEFUL EXPENDITURE

Fruitless and wasteful expenditure is expenditure that was made in vain and could have been avoided had reasonable care been exercised. Fruitless and wasteful expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

26. CONTINGENT LIABILITIES

Contingent liabilities existent at the reporting date include housing loan guarantees issued by arrangement with Council's bankers. An investment has been ceded to the bank for global security against individual guarantees issued for collateral security provided for approved employees.

Other known contingent liabilities are reflected in the financial statements.

27. AGENCY SERVICES

27. AGENCY SERVICES

Council performs a cost-based roads maintenance service on behalf of the Department of Transport, Roads and Public Works of the Northern Cape Province.

Financial reporting on agency services is excluded from these statements as the principal requires reports to be submitted for processing on their independent system.

Inter-authority obligations relevant to the agency service on the reporting date are reflected in the balance sheet.

28. AMENDED DISCLOSURE POLICY

Amendments to accounting policies are reported as and when deemed necessary based on the relevance of any such amendment to the format and presentation of the financial statements. The principal amendments to matters disclosed in the current financial statements include fundamental errors, and the treatment of assets financed by external grants.

John Taolo Gaetsewe District Municipality

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

	2009 R	2008 R
2 NET ASSET RESERVES		
RESERVES	55 770 543	65 132 087
Capital Replacement Reserve		7 521 881
Capitalisation Reserve		
Government Grant Reserve		
Donations and Public Contribution Reserve	43 279 599	44 808 825
Self Insurance Reserve	800 000	650 000
Revaluation Reserve	11 690 944	12 151 381
Total Net Asset Reserve and Liabilities	55 770 543	65 132 087
	2009 R	2008 R
3 LONG TERM LIABILITIES		
Annuity Loans - At amortised cost	4 630 277	3 918 232
Local Registered Stock	-	-
Hire Purchase	-	-
Capitalised Lease Liability - At amortised cost	3 034	15 684
	4 633 311	3 933 916
Less: Current Portion transferred to Current Liabilities	169 309	(71 614)
Annuity Loans - At amortised cost	169 309	(58 964)
Local Registered Stock		
Hire Purchase		
Capitalised Lease Liability - At amortised cost		(12 650)
	4 802 620	3 862 302
Plus: Unamortised charges on loans	-	-
Balance 1 July		
Adjustment for the period		
Restatement of prior year comparatives - Note 36.6		
Total Long-term Liabilities - At amortised cost using the effective interest rate method	4 802 620	3 862 302
	2009 R	2008 R
The obligations under hire purchases are scheduled below:		
	Minimum lease payments	
Amounts payable under hire purchases:		
Payable within one year	3 034	12 650
Payable within two to five years		3 034
Payable after five years		
	3 034	15 684
Less: Future finance obligations		
Present value of hire purchases obligations	3 034	15 684

Refer to Appendix A for descriptions, maturity dates and effective interest rates of structured loans and finance.

Hire Purchases and Leases are secured by property, plant and equipment - **Note 13**

Exemptions taken for leases according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

	2009 R	2008 R
4. NON-CURRENT PROVISIONS		
Provision for Post Retirement Health Care Benefits	12 669 554	11 273 741
Total Non-current Provision Liabilities	12 669 554	11 273 741
	2009 R	2008 R
<u>Post Retirement Health Care Benefits</u>		
Balance 1 July	11 807 741	10 220 933
Contribution for the year	1 544 847	1 131 808
Expenditure for the year	(533 660)	(508 000)
Actuarial Loss/(Gain)	452 024	963 000
Total provision 30 June	13 270 952	11 807 741
Less: Transfer of Current Portion to Current Provisions - Note 7	(601 398)	(534 000)
Balance 30 June	12 669 554	11 273 741
	2009 R	2008 R
<u>TOTAL NON-CURRENT PROVISIONS</u>		
Balance 1 July	11 807 741	10 220 933
Contribution for the year	1 544 847	1 131 808
Expenditure for the year	(533 660)	(508 000)
Actuarial Loss/(Gain)	452 024	963 000
Total provision 30 June	13 270 952	11 807 741
Less: Transfer of Current Portion to Current Provisions - Note 7	(601 398)	(534 000)
Balance 30 June	12 669 554	11 273 741
	2009 R	2008 R
4.1 Provision for Post Retirement Health Care Benefits		
The Post Retirement Benefit Plan is a defined benefit plan, of which the members are made up as follows:		
In-service (employee) members	68	58
Continuation members (e.g. Retirees, widows, orphans)	24	24
Total Members	92	82
	2009 R	2008 R
The liability in respect of past service has been estimated to be as follows:		
In-service members	5 113 000	3 955 000
Continuation members	8 157 952	7 852 741
Total Liability	13 270 952	11 807 741
The municipality makes monthly contributions for health care arrangements to the following medical aid schemes:		
Bonitas		
Hosmed		
LA Health		
Key Health, and		
SAMWU Medical Aid		

Key actuarial assumptions used:

i) Rate of interest

	2009 %	2008 %
Discount rate	8.37	10.43
Health Care Cost Inflation Rate	6.52	9.02
Net Effective Discount Rate	1.74	1.29

ii) Mortality rates

The PA 90 ultimate table, rated down by 1 year of age was used by the actuaries.

iii) Normal retirement age

The normal retirement age for employees of the municipality is 65 years.

The amounts recognised in the Statement of Financial Position are as follows:

	2009 R	2008 R
Present value of fund obligations	13 270 952	11 807 741
Fair value of plan assets	#REF!	#REF!
	1 320 952	11 807 741
Unrecognised past service cost		
Unrecognised actuarial gains/(losses)		
Present Value of unfunded obligations		
Net liability/(asset)	1 320 952	11 807 741

The municipality has elected to recognise the full increase in this defined benefit liability immediately as per IAS 19, Employee Benefits, paragraph 155 (a).

Reconciliation of present value of fund obligation:

	2009 R	2008 R
Present value of fund obligation at the beginning of the year	11 807 741	10 220 933
Total expenses	1 011 187	623 808
Current service cost	341 659	314 129
Interest Cost	1 203 188	817 679
Benefits Paid	(533 660)	(508 000)
Actuarial (gains)/losses	452 024	963 000
Present value of fund obligation at the end of the year	13 270 952	11 807 741

The effect of a 1% movement in the assumed rate of health care cost inflation is as follows:

	Increase	Decrease
Effect on the aggregate of the current service cost and interest cost components	966 000	1 343 000
Effect on the defined benefit obligation	10 336 000	13 627 000

5. Provisions

	2009 R	2008 R
Bonuses(Including Performance Bonuses)	1 400 469	1 661 208
Staff Leave	1 294 140	1 051 690
Current Portion of Non-Current Provisions	601 398	534 000
Current Portion of Post retirement Benefits-Note 4	601 398	534 000
	3 296 007	3 246 898

Post Retirement Benefits

Balance at the Beginning of Year	534 000	508 000
Nett Change	67 398	26 000
Additional provisions		
Contribution to provision		
Expenditure Incurred	(534 000)	(508 000)
Transfer from non-current portion	601 398	534 000
Balance at Year end	601 398	534 000

Staff Leave

Balance at the Beginning of Year	1 051 690	1 051 690
Nett Change	242 450	-
Additional provisions	242 450	
Expenditure Incurred	-	-
Transfer from non-current portion	-	-
Balance Year End	1 294 140	1 051 690

Bonuses

Balance at Beginning of Year	1 661 208	1 680 131
Nett Change	(260 739)	(18 923)
Additional provisions	1 400 469	598 650
Contribution to provision		
Expenditure Incurred	(1 661 208)	(617 573)
Transfer from non-current portion	-	-
Balance at Year End	1 400 469	1 661 208

TOTAL CURRENT PROVISIONS

Balance at Beginning of Year	3 246 898	2 177 263
Nett Change	1 111 567	1 069 635
Additional provisions	1 642 919	1 661 208
Contribution to provision	-	-
Expenditure Incurred	(1 132 650)	(1 125 573)
Transfer from non-current portion	601 298	534 000
Balance at Year End	4 358 465	3 246 898

6 TRADE AND OTHER PAYABLES

Trade Payables	1 087 463	
Payments received in advance	187 770	49 955
Unspend Funds Thwane	425 715	
Total Creditors	1 700 948	49 955
	2009	2008
	R	R

7. UNSPENT CONDITIONAL GOVERNMENT GRANTS AND RECEIPTS**7.1 Conditional Grants from other spheres of Government**

Unspent Grants	12 621 535	13 684 083
National Government Grants	9 087 119	2 198 010
Provincial Government Grants	2 761 061	2 184 018
Other Sources	773 355	9 302 055
Less: Unpaid Grants	(4 818 596)	-
National Government Grants	(665 969)	
Provincial Government Grants	(3 136 874)	
Other Sources	(1 015 753)	
Total Conditional Grants and Receipts	7 802 939	13 684 083
Unspent Grants	12 621 535	
Less:Unspent Funds Thwane-Note 6	(425 715)	
	12 195 820	

See appendix "F" for reconciliation of grants from other spheres of government. The Unspent Grants are cash-backed by term deposits. The municipality complied with the conditions attached to all grants received to the extent of revenue recognised. No grants were withheld.

8. TAXES	2009	2008
	R	R
VAT Payable	-	-
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
	2009	2008
	R	R
PAY	2 744 924	
VAT Receivable	4 054 004	1 710 372
	<u>6 798 928</u>	<u>1 710 372</u>
VAT is payable on the receipts basis. VAT is paid over to SARS only once payment is received from debtors.		
	2009	2008
	R	R
9. SHORT-TERM LOANS		
The Municipality has no short term loans.		
	2009	2008
	R	R
10. PROPERTY, PLANT AND EQUIPMENT		
See attached sheet		
	2009	2008
	R	R
11. NON-CURRENT ASSETS HELD FOR SALE		
Non-current assets held for sale at gebinning of year - at book value	-	
Additions for the year		
	-	-
Non-current assets sold/written off during the year		
	-	-
Non-current assets held for sale at end of year - at book value		
	-	-
Exemptions taken for non-current assets held for sale according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.		
	2009	2008
	R	R
12. INVESTMENT PROPERTY		
Net Carrying amount at 1 July	1 365 000	-
Cost/Valuation	1 365 000	
Correction of Error - Note		
Change in Accounting Policy - Note		
Accumulated Depreciation	-	
Transfer to Property, Plant and Equipment - Note 13	-	-
Cost		750
Accumulated Depreciation		(750)
Correction of Error-Note 36		500
Acquisitions		
Fair Value Adjustments		1 364 500
Depreciation for the year		
Net Carrying amount at 30 June	1 365 000	1 365 000
Cost/Valuation	1 365 000	1 365 000
Accumulated Depreciation		
The fair value of Investment Properties, as valued by the municipality's valuer, is estimated at:	1 365 000	1 365 000
Exemptions taken for investment property according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.		

	2009 R	2008 R
13. INTANGIBLE ASSETS		
Net Carrying amount at 1 July	254 438	522 334
Cost	522 334	522 334
Correction of Error - Note		
Change in Accounting Policy - Note		
Accumulated Amortisation	(267 896)	
Acquisitions	155 799	
Amortisation	(67 432)	(267 896)
Disposals		
Amortisation written back on disposal		
Impairment Loss/ Reversal of Impairment Loss		
Net Carrying amount at 30 June	342 805	254 438
Cost	678 133	522 334
Accumulated Amortisation	344 329	(267 896)

Exemptions taken for intangible assets according to Directive 4 - Transitional Provisions for Medium and Low Capacity Municipalities.

	2009 R	2008 R
14. INVESTMENTS		
Financial Instruments		
Unlisted		
Long term deposits	3 840	3 840
Total Investments	3 840	3 840

The average interest rate was **xx%** (2008: **xx%**)

No investments have been pledged as security for any funding facilities of the council.

Investments are made in terms of the municipality's Cash Management and Investment Policy, as required by means of Regulation R 308 of 1 April 2005 gazetted in the Government Gazette No 27431 of 1 April 2005 and issued by the Minister of Finance.

	2009 R	2008 R
15. INVENTORY		
Consumable Stores - Stationery and materials - At cost		
Maintenance Materials - At cost		
Water - At purification cost	32 900	29 810
Spare Parts - At cost		
Total Inventory	32 900	29 810

The municipality recognised only purchase costs of water for the water inventory.

	2009 R	2008 R
16. TRADE RECEIVABLES FROM EXCHANGE TRANSACTIONS		
Water	385 169	504 306
Electricity	199 921	231 401
Housing Rentals	-	-
Refuse	99 835	95 539
Sewerage	147 185	141 987
Other Arrears	2 523 132	361 704
Total: Trade receivables from exchange transactions (before provision)	3 355 242	1 334 937
Provision for Impairments	(169 348)	(169 348)
Total: Trade receivables from exchange transactions (after provision)	3 185 894	1 165 589

The fair value of other receivables approximate their carrying value.

(Electricity): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

2009 R	2008 R
78 711	
56 878	
58 107	
6 225	
199 921	231 401

(Water): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

2009 R	2008 R
136 663	
214 501	
4 002	
30 003	
385 169	504 306

(Refuse): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

2009 R	2008 R
38 649	
34 311	
2 078	
24 797	
99 835	95 539

(Sewerage): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

2009 R	2008 R
60 796	
54 374	
3 063	
28 952	
147 185	141 987

(Other): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

2009 R	2008 R
403 998	
1 798 023	
215 845	
105 266	
2 523 132	361 704

(Total): Ageing

Current (0 - 30 days)
 31 - 60 Days
 61 - 90 Days
 + 90 Days

Total

2009 R	2008 R
718 817	-
2 158 087	-
283 095	-
195 243	-
3 355 242	1 334 937

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2009			
Current (0 - 30 days)	244 785	316 736	157 296
31 - 60 Days	171 082	1 781 423	205 582
61 - 90 Days	6 971	103 894	172 230
+ 90 Days	56 298	111 930	27 015
Sub-total	479 136	2 313 983	562 123
Less: Provision for bad debts	(169 348)		
Total debtors by customer classification	309 788	2 313 983	562 123

Summary of Debtors by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2008			
Current (0 - 30 days)	325 655	371 938	4 480
31 - 60 Days	160 482	6 860	1 719
61 - 90 Days	123 245	325	1 763
+ 90 Days	395 240	3 298	28 359
Sub-total	1 004 622	382 421	36 321
Less: Provision for bad debts	(169 348)		
Total debtors by customer classification	835 274	382 421	36 321

Reconciliation of Provision for Bad Debts

	2009 R	2008 R
Balance at beginning of year	169 348	100 618
Contribution to provision		75 000
Bad Debts written off against provision		(6 270)
Reversal of provision		
Balance at end of year	169 348	169 348
	2009 R	2008 R
The total amount of this provision is R x xxx xxx and consist of:		
Rates		
Other Debtors	169 348	169 348
Total Provision for Bad Debts on Trade Receivables from exchange transactions	169 348	169 348

The provision for doubtful debts on debtors (loans and receivables) exists due to the possibility that not all debts will be recovered. Loans and receivables were assessed individually and grouped together at the Statement of Financial Position date as financial assets with similar credit risk characteristics and collectively assessed for impairment.

Concentrations of credit risk with respect to trade receivables are limited due to the municipality's large number of customers. The municipality's historical experience in collection of trade receivables falls within recorded allowances. Due to these factors, management believes that no additional risk beyond amounts provided for collection losses is inherent in the municipality's trade receivables.

	2009 R	2008 R
17. OTHER RECEIVABLES FROM NON-EXCHANGE TRANSACTIONS		
Taxes - Rates	200 326	88 427
Other Debtors		
	200 326	88 427
Less: Provision for bad debts	-	-
Total Other Receivables from non-exchange transactions	200 326	88 427

The fair value of other receivables approximate their carrying value.

	2009 R	2008 R
(Rates): Ageing		
Current (0 - 30 days)	89 488	78 707
31 - 60 Days	97 479	946
61 - 90 Days	517	1 048
+ 90 Days	10 882	7 726
Total	198 366	88 427

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2009			
Current (0 - 30 days)	89488		
31 - 60 Days	97479		
61 - 90 Days	517		
+ 90 Days	10882		
Sub-total	198 366	-	-
Less: Provision for bad debts			
Total debtors by customer classification	198 366	-	-

Summary of Debtors (Rates) by Customer Classification

	<u>Residential</u>	<u>Industrial/ Commercial</u>	<u>National and Provincial Government</u>
30 June 2008			
Current (0 - 30 days)	78 707		
31 - 60 Days	946		
61 - 90 Days	1 048		
+ 90 Days	7 726		
Sub-total	88 427	-	-
Less: Provision for bad debts			
Total debtors by customer classification	88 427	-	-

	2009 R	2008 R
18. CASH AND CASH EQUIVALENTS		
18.1 Assets		
Call Investments Deposits	4 047 628	11 579 634
Primary Bank Account	90 613	1 562 522
Cash Floats	1 750	1 750
Total Cash and Cash Equivalents - Assets	4 139 991	13 143 906

18.2 Liabilities

Primary Bank Account

Total Cash and Cash Equivalents - Liabilities

Call Investments Deposits to an amount of Rxx xxx xxx are held to fund the Unspent Conditional Grants (2008: Rxx xxx xxx).

The municipality has the following bank accounts:

Current Accounts

ABSA Bank Limited - Account Number 960 000 077 :

2009 R	2008 R
90 613	1 562 522
90 613	1 562 522

2009 R	2008 R
90 613	1 562 522
90 613	1 562 522

19. PROPERTY RATES

Actual

Rateable Land and Buildings

Residential, Commercial and State Property
Commercial Property
Industrial Property
Public Benefits Organisations
Agricultural Purposes
State - National/ Provincial Services
Municipal Property
Vacant Property

Less: Rebates

Total Assessment Rates

21 681	20 689
21 681	20 689
(7 355)	(6 350)
14 326	14 339

Valuations - 1 July 2008

Rateable Land and Buildings

Stand
Improvement
Building Clause
Public Benefits Organisations
Agricultural Purposes
State - National/ Provincial Services
Municipal Property
Vacant Property

Less: Income Forgone

Total Assessment Rates

2009 R	2008 R
2 890 801	2 889 801
158 701	157 701
2 572 100	2 572 100
160 000	160 000
981 000	(978 000)
3 871 801	1 911 801

Assessment Rates are levied on the value of land and improvements, which valuation is performed every 4 years. The last valuation came into effect on 1 July 1998. Interim valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions and also to accommodate growth in the rate base due mostly to private development.

A rate in the rand for domestic properties of R 0.0075 was charged on site values and a rate in the rand of R 0.0075 for improvements. Business were charged at a rate in the rand of R 0.0075 on site values and a rate in the rand of R 0.0075 for improvements.

The basic rate was 0.75 c per Rand on land and buildings (2008 = 0.55 c /R). There are 250 properties of which 234 are residential.

Properties used for domestic purposes and consisting of both land and improvements are subject to a R15,000 valuation reduction. There are also different rebates and phased in tariffs for different sectors of the community. Interest on arrear accounts is charged at bank rate plus one.

Rates are levied monthly and payable by the 7th of the following month. Interest is levied at the prime rate plus 0% on outstanding monthly instalments.

	2009 R	2008 R
20. GOVERNMENT GRANTS AND SUBSIDIES		
Equitable Share	36 116 939	31 442 716
Other - Operating Grants	44 666 188	38 825 498
Other - Capital Grants	300 000	300 000
Total Government Grants and Subsidies	81 083 127	70 568 214
21. PUBLIC CONTRIBUTIONS AND DONATIONS		
Public Contributions - Conditional	374 903	825 350
Public Contributions - Unconditional	-	
Donations	28 424	
Total Public Contributions and Donations	403 327	825 350
22. CONTRIBUTED PROPERTY, PLANT AND EQUIPMENT		
Hotazel	45 879 309	45 879 309
Community Assets	6 454 812	6 454 812
Total Contributed Property, Plant and Equipment	52 334 121	52 334 121
23. SERVICE CHARGES		
Electricity	2 593 972	1 428 918
Service Charges	2 593 972	1 428 918
Less: Rebates		
Water	1 876 363	1 078 320
Service Charges	1 876 363	1 078 320
Less: Rebates		
Refuse Removal	428 494	280 783
Service Charges	428 494	280 783
Less: Rebates		
Sewerage and Sanitation Charges	646 053	484 741
Service Charges	646 053	484 741
Less: Rebates		
Other Service Charges - Private Works		
Total Service Charges	5 544 882	3 272 762

Revenue (GRAP 9): Initial measurement of fair value is discounting all future receipts using an imputed rate of interest. [SAICA Circular 09/2006 and paragraph 12] Only for 2008 conversions

	2009 R	2008 R
24. INTEREST EARNED - EXTERNAL INVESTMENTS		
Bank	1 814 455	1 755 279
Financial assets		-
Other		
Total Interest Earned - External Investments	1 814 455	1 755 279
	2009 R	2008 R
25. INTEREST EARNED - OUTSTANDING RECEIVABLES		
Long-term Receivables		
Trade Receivables		10 410
Other Receivables	-	
Total Interest Earned - Outstanding Receivables	-	10 410
	2009 R	2008 R
26. OTHER INCOME		
Admin Fees	3 473 756	
Fees Buildingplans	281	
Sundries		
Sale of refuse bags		
Total Other Income	3 474 037	-
	2009 R	2008 R
27. EMPLOYEE RELATED COSTS		
Employee Related Costs - Salaries and Wages	21 210 930	17 752 382
Employee Related Costs - Contributions for UIF, Pensions and Medical Aids	5 801 226	4 339 512
Travel, Motor Car, Accommodation, Subsistence and Other Allowances	4 493 618	7 144 355
Housing Benefits and Allowances	1 076 617	1 051 647
Overtime Payments		
Bonuses	1 203 927	208 295
Provision for leave	242 449	(83 233)
Defined Benefit Plan Expenses - Vested Past Service Cost		-
Contribution to provision - Ex-gratia pensions - Note 5		
Contribution to provision - Long Service Awards - Note 5		
Contribution to provision - Post Retirement Medical - Note 5		
	34 028 767	30 412 958
Less: Employee Costs allocated elsewhere		
Total Employee Related Costs	34 028 767	30 412 958

KEY MANAGEMENT PERSONNEL

Key management personnel are all appointed on 5-year fixed contracts. There are no post-employment or termination benefits payable to them at the end of the contract periods.

	2009 R	2008 R
REMUNERATION OF KEY MANAGEMENT PERSONNEL		
<i>Remuneration of the Municipal Manager</i>		
Annual Remuneration - All Inclusive Package	708 380	751 320
Traveling Allowance		
Telephone Allowance	93 928	50 576
Performance Bonus	86 275	88 250
Leave Payments		
Total	888 583	890 146
	2009 R	2008 R
<i>Remuneration of the Chief Financial Officer</i>		
Annual Remuneration - All Inclusive Package	646 912	493 600
Car Allowance		
Telephone allowance		
Performance Bonus	56 640	
Leave Payments	44 939	17 070
Total	748 491	510 670
	2009 R	2008 R
<i>Remuneration of Manager Corporate Services</i>		
Annual Remuneration - All Inclusive Packages	646 912	297 600
Car Allowance		
Acting allowance	37 869	
Performance Bonus		
Leave Payments	29 669	
Total	714 450	297 600
	2009 R	2008 R
<i>Remuneration of Manager Special Projects</i>		
Annual Remuneration - All Inclusive Package	657 388	702 148
Car Allowance		
Telephone allowance		
Performance Bonus	77 760	40 320
Leave payments	69 243	38 214
Total	804 391	780 682
	2009 R	2008 R
<i>Remuneration of Manager Technical Services</i>		
Annual Remuneration - All Inclusive Package	254 614	702 348
Car Allowance		
Telephone allowance		
Performance Bonus	80 855	40 413
Leave Payments	66 459	40 597
Total	401 928	783 358

	2009 R	2008 R
Remuneration of Manager Technical Services Replacement		
Annual Remuneration - All Inclusive Package	156 248	-
Car Allowance		
Telephone allowance		
Performance Bonus	-	-
Leave Payments	-	-
Total	156 248	-

	2009 R	2008 R
Remuneration of Manager Development and Planning		
Annual Remuneration - All Inclusive Package	172 205	633 600
Car Allowance		
Telephone allowance		
Performance Bonus		39 312
Leave Payments	42 313	80 729
Total	214 518	753 641

	2009 R	2008 R
Remuneration of Manager Internal Audit		
Annual Remuneration - All Inclusive Package	646 912	-
Car Allowance		
Telephone allowance		
Performance Bonus		-
Leave Payments	31 277	-
Total	678 189	-

	2009 R	2008 R
28. REMUNERATION OF COUNCILLORS		
Mayor	570 579	514 039
Speaker	446 844	402 562
Chairpersons of committees	1 679 660	1 513 208
Councillors	180 426	591 287
Travelling allowance		
Telephone allowance		
Pension fund contributions		
Medical aid contributions		
Total Councillors' Remuneration	2 877 509	3 021 096

In-kind Benefits

The Executive Mayor, Speaker and Executive Committee Members are full-time Councillors. Each is provided with an office and shared secretarial support at the cost of the Municipality. The Executive Mayor and Speaker may utilise official Council transportation when engaged in official duties.

Certification by the Municipal Manager

I certify that the remuneration of Councillors and in-kind benefits are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.

.....
Signed: Municipal Manager

		2009	2008
		R	R
29. DEBT IMPAIRMENT			
Trade Receivables from exchange transactions - Note 20		169 348	169 348
Total Contribution to Bad Debts Provision		169 348	169 348
		2009	2008
		R	R
30. DEPRECIATION AND AMORTISATION			
Property, plant and equipment		3 963 102	1 540 354
Intangible assets		76 433	267 896
Investment property carried at cost			
Biological assets carried at cost			
Total Depreciation and Amortisation		4 039 535	1 808 250
		2009	2008
		R	R
31. FINANCE COSTS			
Long-term Liabilities		425 969	394 913
None-current Provision		1 207 655	817 679
Total Finance Costs		1 633 624	1 212 592
		2009	2008
		R	R
32. BULK PURCHASES			
Electricity		2 027 737	820 230
Water		2 747 955	828 371
Total Bulk Purchases		4 775 692	1 648 601
		2009	2008
		R	R
33. GRANTS AND SUBSIDIES PAID			
Grants-in-aid and Donations		-	800 000
Institutions		80 000	78 000
Total Grants and Subsidies		80 000	878 000
		2009	2008
		R	R
34. GENERAL EXPENSES			
General Expenses		10 499 591	7 357 146
General expenses contains administrative and technical expenses otherwise not provided for in the line-items of the Statement of Financial performance. This include items such as telecommunications, travelling, legal fees, auditing fees and consulting fees.			
		2009	2008
		R	R
35. GAIN/ (LOSS) ON SALE OF ASSETS			
Property, plant and equipment		-	70 131
Total Gain/ (Loss) on Sale of Assets		-	70 131
		2009	2008
		R	R
36. (IMPAIRMENT LOSS)/ REVERSAL OF IMPAIRMENT LOSS			
Property, Plant and Equipment		-	4 439 467
Total (Impairment Loss)/ Reversal of Impairment Loss		-	4 439 467

	2009 R	2008 R
38. CHANGE IN ACCOUNTING POLICY IN TERMS OF GRAP 3 - IMPLEMENTATION OF GAMAP/GRAP		
The following adjustments were made to amounts previously reported in the annual financial statements of the Municipality arising from the implementation of GAMAP/GRAP:		
38.1 Statutory Funds		
Balance previously reported:		519 907
Implementation of GRAP		
Transfer to Accumulated Surplus/(Deficit) - See Note 36.8 below		(519 907)
Total	-	-
	2009 R	2008 R
38.2 Provisions and Reserves		
Balance previously reported:		
Staff Leave		1 134 922
Staff Bonuses		
Total	-	1 134 922
Implementation of GRAP		
Transfer to Provisions - Staff Leave		1 134 922
Transfer to Accumulated Surplus/(Deficit) - See Note 36.8		
Total	-	1 134 922
	2009 R	2008 R
38.3 Accumulated Surplus/(Deficit)		
Implementation of GRAP		
Transfer from Statutory Funds - Note 36.1	-	(519 907)
Total	-	(519 907)
	2009 R	2008 R
39. CORRECTION OF ERROR IN TERMS OF GRAP 3		
39.1 Property, Plant and Equipment - Grap 17		
Balance previously reported		21 931 524
Property, Plant and Equipment financed through leases previously not recognised - Note 9		30 385
Inventory items not previously recognised - Note 9		180 842
Depreciation written-off on land in previous years		160 130
VAT on Grants not previously transferred to revenue		
Total	-	22 302 881
	2009 R	2008 R
39.2 Intangible Assets		
Balance previously reported		-
Implementation of GRAP		
Intangible assets previously not recognised		522 334
Total	-	522 334

39.3 Long-term Liabilities

Balance previously reported:	3 918 232
Implementation of GRAP	
Leases previously not recognised - Note 3	26 636
Restated balance	3 918 232

39.4 Investment Property

Balance previously reported:	-
Implementation of GRAP	
Investment Property previously recognised incorrectly - Note 10	(250)
Depreciation written-off on land of investment property in previous years - Note 10	750
Restated balance	500

39.5 Non-Current Provisions

Balance previously reported	-
Implementation of GRAP	
Post-employment Health Care Benefits previously not recognised - Note 4	(10 220 933)
Restated balance	(10 220 933)

R

39.6 Accumulated Surplus/(Deficit)

Property, Plant and Equipment financed through leases previously not recognised - Note 36.1	30 385
Inventory items previously not recognised - Note 36.1	180 842
Depreciation written-off on land in previous years - Note 36.1	160 130
Intangible assets previously not recognised - Note 36.2	522 334
Leases previously not recognised - Note 36.3	(26 636)
Investment Property previously recognised incorrectly - Note 36.4	(250)
Depreciation written-off on land of investment property in previous years - Note 36.4	750
Post-employment Health Care Benefits previously not recognised - Note 36.5	(10 220 933)
Total	(9 353 378)

40. RECONCILIATION BETWEEN NET SURPLUS/(DEFICIT) FOR THE YEAR AND CASH GENERATED/(ABSORBED) BY OPERATIONS

Surplus/(Deficit) for the year	-4 598 257	45 579 606
Adjustments for:		
Depreciation	3 963 102	1 540 354
Amortisation of Intangible Assets	67 432	267 896
Gain on disposal of property, plant and equipment		(70 131)
Impairments		4 439 467
Contribution from/to provisions - Non-Current - Expenditure incurred	1 997 211	623 808
Contribution from/to provisions - Non-Current - Actuarial losses	452 024	963 000
Contribution to provisions – Bad debt		75 000
Fair Value Adjustments		1 364 500
Bad debts written off		(6 270)
Investment income	-1 814 455	(1 765 689)
Interest paid	1 633 624	1 212 592
Operating Surplus/(Deficit) before changes in working capital	1 700 681	54 224 133
Changes in working capital	-9 461 976	(99 781)
Increase/(Decrease) in Provisions	-552 289	2 680 363
Increase/(Decrease) in Trade and Other Payables	1 650 993	(855 268)
Increase/(Decrease) in Unspent Conditional Government Grants and Receipts	-1 488 272	1 683 279
Increase/(Decrease) in Taxes	5 088 557	(1 161 109)
(Increase)/Decrease in Inventory	-3 090	(29 810)
(Increase)/Decrease in Trade Receivables from exchange transactions	-2 223 630	(1 218 392)
(Increase)/Decrease in Other Receivables from non-exchange transactions	-771 177	(1 198 844)
Cash generated/(absorbed) by operations	-7 761 295	54 124 352

	2009 R	2008 R
44. ADDITIONAL DISCLOSURES IN TERMS OF MUNICIPAL FINANCE MANAGEMENT ACT		
44.1 Contributions to organised local government - [MFMA 125 (1)(b)] - SALGA CONTRIBUTIONS		
Opening balance	-	-
Council subscriptions	240 314	134 851
Amount paid - current year	(240 314)	(134 851)
Amount paid - previous years		
Balance unpaid (included in creditors)	-	-
	2009 R	2008 R
44.2 Audit fees - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year audit fee	912 549	581 583
External Audit - Auditor-General	912 549	581 583
Internal Audit	-	-
Audit Committee		
Amount paid - current year	(912 549)	(581 583)
Amount paid - previous year		
Balance unpaid (included in creditors)	-	-
	2009 R	2008 R
44.3 VAT - [MFMA 125 (1)(b)]		
Opening balance	1 710 372	549 263
Amounts received - current year	(3 440 201)	1 161 109
Amounts claimed - current year (payable)	5 783 833	
Amount paid - current year		
Amount paid - previous year		
Closing balance	4 054 004	1 710 372
	2009 R	2008 R
44.4 PAYE and UIF - [MFMA 125 (1)(b)]		
Opening balance	8 911 236	8 239 585
Current year payroll deductions	(8 911 236)	(8 239 585)
Amount paid - current year		
Balance unpaid (included in creditors)	-	-
	2009 R	2008 R
44.5 Pension and Medical Aid Deductions - [MFMA 125 (1)(b)]		
Opening balance	-	-
Current year payroll deductions and Council Contributions	5 688 463	5 205 925
Amount paid - current year	(5 688 463)	(5 205 925)
Amount paid - previous year		
Balance unpaid (included in creditors)	-	-
44.6 Non-compliance with Chapter 14 of the Municipal Finance Management Act		
Non-compliance to the Supply Chain Management Regulations were identified on the following categories:		

	Less than R30,000	Between R30,001 and R200,000	Between R200,001 and R2,000,000	More than R2,000,001
Inventory				
Insurance				
Other				
Executive & Council	81 042	76 053		
Corporate Services	-	245 069		
Community Services	47 629	65 265		
Financial Services				
Technical Services	61 035	97 455	399 270	
Electrical Services				
Town Planning				
Strategic Services				
	<u>189 706</u>	<u>483 842</u>	<u>399 270</u>	<u>-</u>

45. RETIREMENT BENEFIT INFORMATION

Council employees contribute to the Cape Joint Municipal Pension Fund and SAMWU National Provident Fund which is a defined contribution fund. The retirement benefit fund is subject to the Pension Fund Act, 1956, with pension being calculated on the pensionable remuneration paid. Current contributions by Council are charged against expenditure on the basis of current service costs. Full actuarial valuations are performed at least every five years. The last valuation was done on 31 March 2005.

46. FINANCIAL RISK MANAGEMENT

The activities of the municipality expose it to a variety of financial risks, including market risk (comprising fair value interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The municipality's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the municipality's financial performance.

(a) Foreign Exchange Currency Risk

The municipality does not engage in foreign currency transactions.

(b) Interest Rate Risk

The Municipality is exposed to interest rate risk due to the movements in long-term and short term interest rates.

This risk is managed on an ongoing basis.

(c) Credit Risk

Credit risk is the risk that a counter party to a financial or non-financial asset will fail to discharge an obligation and cause the Municipality to incur financial loss.

Credit risk arises mainly from cash and cash equivalents, instruments and deposits with banks and financial institutions, as well as credit exposures to consumer and grant debtors.

For banks and financial institutions, only independently rated parties with a minimum rating of 'B+' are accepted. Grants are receivable from higher order levels of government. In the case of consumer debtors the municipality effectively has the right to terminate services to customers but in practice this is difficult to apply. This increases the credit risk in respect of consumer debtors. The risk of non-payment is managed on an ongoing basis and where practical, services are terminated and procedures applied to recover outstanding amounts owing and an appropriate level of impairment provision for default is maintained.

(d) Liquidity Risk

Liquidity risk is the risk that the municipality will encounter difficulty in raising funds to meet commitments associated with financial liabilities.

Prudent liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities.

The financial liabilities of the municipality are backed by appropriate assets and it has adequate liquid resources. The Council monitors the cash projections and by ensuring that borrowing facilities are available to meet its cash requirements.

(e) Other Risks

Potential concentrations of credit risk and interest rate risk consist mainly of fixed deposit investments, long-term debtors, consumer debtors, other debtors, short-term investment deposits and bank and cash balances.

The municipality limits its counterparty exposures from its money market investment operations by only dealing with well-established financial institutions of high credit standing. The credit exposure to any single counterparty is managed by setting transaction / exposure limits, which are included in the municipality's Investment Policy. These limits are reviewed annually by the CFO and authorised by the Municipal Council.

Consumer debtors comprise of a large number of ratepayers, dispersed across different sectors and geographical areas. Ongoing credit evaluations are performed on the financial condition of these debtors. Consumer debtors are presented net of an allowance for doubtful debt.

In the case of debtors whose accounts become in arrears, Council endeavours to collect such accounts by "levying of penalty charges", "demand for payment", "restriction of services" and, as a last resort, "handed over for collection", whichever procedure is applicable in terms of Council's Credit Control and Debt Collection Policy.

Long-term Receivables and Other Debtors are individually evaluated annually at Balance Sheet date for impairment or discounting. A report on the various categories of debtors is drafted to substantiate such evaluation and subsequent impairment / discounting, where applicable.

	2009 R	2008 R
The maximum credit and interest risk exposures in respect of the relevant financial instruments are as follows:		
Investments	3 840	3 840
Long Term Receivables	-	-
Trade receivables from exchange transactions	3 389 220	1 165 590
Other receivables from non-exchange transactions	4 804 866	88 427
Other Debtors	6 827 988	5 655 633
Current Portion of Long-term Receivables	-	-
Short-term Investment Deposits	-	-
Bank and Cash Balances	4 139 991	13 143 906
Maximum Credit and Interest Risk Exposures	19 165 905	20 057 396

47. FINANCIAL INSTRUMENTS

In accordance with IAS 39.09 the financial assets of the municipality are classified as follows:

<u>Financial Assets</u>	<u>Classification</u>	2009 R	2008 R
Investments			
Fixed Deposits	Held to maturity	3 840	3 840
Long-term Receivables			
Staff Loans	Loans and Receivables		
Consumer Debtors			
Trade receivables from exchange transactions	Loans and Receivables	389 220	1 165 590
Other receivables from non-exchange transactions	Loans and Receivables	4 804 866	88 427
Other Debtors			
Other Debtors	Loans and Receivables	6 827 988	3 945 261
Taxes	Loans and Receivables	4 800 565	1 710 372
Government Subsidies and Grants	Loans and Receivables		
Current Portion of Long-term Receivables			
Staff Loans	Loans and Receivables		
Short-term Investment Deposits			
Call Deposits	Held to maturity		
Cash and Cash Equivalents			
Bank Balances	Held to maturity	4 139 991	13 142 156
Cash Floats and Advances	Held to maturity	1 750	1 750

		2009 R	2008 R
SUMMARY OF FINANCIAL ASSETS			
Held to maturity:			
Investments	Fixed Deposits	3 840	3 840
Short-term Investment Deposits	Call Deposits	-	-
Bank Balances		4 139 991	13 142 156
Cash Floats and Advances		1 750	1 750
		4 145 581	13 147 746
Loans and Receivables			
Long-term Receivables	Staff Loans	-	-
Consumer Debtors	Exchange transactions	389 220	1 165 590
Consumer Debtors	Non-exchange transactions	4 804 866	88 427
Other Debtors	Payments made in advance	6 827 988	3 945 261
Other Debtors	Government Subsidies and Grants	-	-
Current Portion of Long-term Receivables	Staff Loans	-	-
VAT	VAT	4 800 565	1 710 372
		16 822 639	6 909 650
Total Financial Assets		20 968 220	20 057 396

			#REF! R
Financial Liabilities		Classification	
Long-term Liabilities			
Annuity Loans	At amortised cost	4 630 277	3 918 232
Capitalised Lease Liability	At amortised cost	3 034	15 684
Non-current Provisions			
Post-retirement Health Care Benefits	At amortised cost	13 270 952	11 807 741
Provisions			
Performance Bonuses	At amortised cost		598 650
Bonuses	At amortised cost	1 400 469	1 062 558
Staff Leave	At amortised cost	1 294 140	1 051 690
			-
Trade and Other Payables			
Payments received in advance	At amortised cost	187 770	49 955
Unspent Conditional Government Grants and Receipts			
National Government Grants	At amortised cost	9 087 119	2 198 010
Provincial Government Grants	At amortised cost	2 761 061	2 184 018
Other Sources	At amortised cost	773 355	9 302 055

SUMMARY OF FINANCIAL LIABILITIES

At amortised cost:			
Long-term Liabilities		4 464 002	3 933 916
Non-current Provisions		13 270 952	11 807 741
Provisions		2 694 609	2 712 898
Trade and Other Payables		1 700 948	49 955
Unspent Conditional Government Grants and Receipts		12 621 535	13 684 083
Total Financial Liabilities		34 752 046	32 188 593

	2009 R	2008 R
--	-----------	-----------

48. EVENTS AFTER THE REPORTING DATE

The Municipality is not aware of any events after the reporting date.

		2009 R	2008 R
49. PRIVATE PUBLIC PARTNERSHIPS			
Council has not entered into any private public partnerships during the financial year.			
		2009 R	2008 R
50. COMPARISON WITH THE BUDGET			
The comparison of the municipality's actual financial performance with that budgeted, is set out in Annexures "E (1) and E (2)".			
		2009 R	2008 R
51. CONTINGENT LIABILITY			
Claims against Council		6 589 143	
The municipality is currently engaged in litigation which could result in damages/costs being awarded against Council if claimants are successful in their actions. The following are the estimates:			
<i>Description of events</i>			
Severance Benefit-BM Olivier		6 531 002	
Arrear Salary-KW Molete		53 141	
		6 584 143	
		2009 R	2008 R
52. RELATED PARTIES			
Key Management and Councillors receive and pay for services on the same terms and conditions as other ratepayers / residents.			
52.1 Related Party Loans			
Since 1 July 2002 loans to councillors and senior management employees are not permitted. Loans granted prior to this date are fully paid			
52.2 Other related party transactions			
The following purchases were made during the year where Councillors or staff have an interest:			
<u>Councillor/Staff Member</u>	<u>Entity</u>		
None			
		2009 R	2008 R
53. EXEMPTIONS TAKEN ACCORDING TO DIRECTIVE 4 - TRANSITIONAL PROVISIONS FOR MEDIUM AND LOW CAPACITY MUNICIPALITIES			
GRAP 12 Inventories			
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment or Agricultural Assets.			
The municipality is currently in a process of measuring all inventories in terms of GRAP 12 and it is expected that this process will be completed for inclusion in the 2010 financial statements.			
Since the previous reporting date the following inventories were measured in accordance with the transitional provisions or GRAP 12 and restated retrospectively:			
Water			
Land held for sale			
Other (list)			

	2009 R	2008 R
GRAP 13 Leases		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following finance leases relating to Property, Plant and Equipment, which were not measured in terms of the transitional provisions applicable to GRAP 17:		
Motor Vehicles	None	
Office Equipment	None	
	2009 R	2008 R
GRAP 16 Investment Properties		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment.		
The municipality is currently in a process of identifying and measuring all Investment Properties in terms of GRAP 16 and it is expected that this process will be completed for inclusion in the 2010 financial statements.		
Since the previous reporting date the following Investment Properties were measured at fair value in accordance with GRAP 16 and restated retrospectively:		
Land	508 000	
Buildings	857 000	
	1 365 000	
	2009 R	2008 R
GRAP 17 Property, Plant and Equipment		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Investment Properties, Intangible Assets or Inventory. The municipality did not measure all the Property, Plant and Equipment in accordance with the standard, including the following:		
Land		
Small asset items below a R 0.00 threshold previously expensed		
Property, Plant and Equipment financed by way of finance leases		
Property, Plant and Equipment financed by way of provisions		
Property, Plant and Equipment transferred as a result of the transfer of functions		
Componentised infrastructure assets.		
The municipality is currently in a process of identifying all Property, Plant and Equipment and have it measured in terms of GRAP 17 and it is expected that this process will be completed for inclusion in the 2010 financial statements. The Municipality is in the process of itemizing all infrastructure and community assets and will recalculate accumulated depreciation once this exercise has been completed by 30 June 2010. At present depreciation on these assets is calculated on an averaging basis whereby an average useful life has been estimated for each category of infrastructure and community assets, using global historical costs recorded in the accounting records.		
The municipality did not measure the following, in terms of the transitional provisions:		
<ul style="list-style-type: none"> • Review of useful life of item of PPE recognised in the annual financial statements. • Review of the depreciation method applied to PPE recognised in the annual financial statements. • Review of residual values of item of PPE recognised in the annual financial statements. • Impairment of non-cash generating assets. • Impairment of cash generating assets. 		
Since the previous reporting date the following Property, Plant and Equipment were measured in accordance with GRAP 17 and restated retrospectively:		
Land		
Refuse tip-sites financed by way of a provision		
Vehicles and Equipment financed by way of finance leases		
Other small assets identified previously expensed		
Accumulated depreciation as a result of the identification of small assets previously expensed		
Changes to accumulated depreciation as a result of the componentising of infrastructure assets		

	2009 R	2008 R
GRAP 19 Provisions, Contingent Liabilities and Contingent Assets:		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise the following provisions, contingent liabilities or contingent assets relating to Property, Plant and Equipment:		
Refuse tip-sites financed by way of a provision;		
The municipality is currently in a process of identifying all provisions which must be measured in terms of GRAP 19 and it is expected that this process will be completed for inclusion in the 2010 financial statements.		
Since the previous reporting date the following provisions were measured in accordance with GRAP 19 and restated retrospectively:		
Refuse tip-sites financed by way of a provision		
Clearing of alien vegetation		
Post retirement benefits		
Long service awards		
Ex-gratia pensions		
	<hr/>	<hr/>
	<hr/>	<hr/>
	2009 R	2008 R
GRAP 100 Non-Current Assets Held for Sale and Discontinued Operations		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. The municipality did not recognise non-current assets held for sale and discontinued operations relating to Inventories, Investment Properties, Property, Plant and Equipment, Agriculture and Intangible Assets which are not recognised or measured in terms of the transitional provisions relating to those standards.		
	2009 R	2008 R
GRAP 101 Agriculture		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment or Inventories.		
The municipality is currently in a process of identifying all agricultural activities and have it valued in terms of GRAP 101 and it is expected that this process will be completed for inclusion in the 2010 financial statements. It is possible that certain Agricultural assets are currently being recognised as Property, Plant and Equipment.		
Since the previous reporting date the following biological assets were measured at fair value in accordance with GRAP 101 and adjusted to the opening balance of the Accumulated Surplus in the current period. In terms of the transitional provisions comparative information is not required to be restated for prior periods at the initial adoption of the standard :		
Game		
Harvested wheat		
Plantations		
Goats		
	<hr/>	<hr/>
	<hr/>	<hr/>

	2009 R	2008 R
GRAP 102 Intangible Assets		
The municipality opted to take advantage of the transitional provisions as contained in Directive 4 of the Accounting Standards Board, issued in March 2009. Provisional amounts are set at R 0.00 as it might have an effect on other classes of assets such as Property, Plant and Equipment.		
Computer Software		
Intangible assets financed by way of finance leases		
Intangible assets transferred as a result of the transfer of functions		
Servitudes		
The municipality is currently in a process of measuring all Intangible Assets in terms of GRAP 102 and it is expected that this process will be completed for inclusion in the 2010 financial statements.		
Since the previous reporting date the following Intangible Assets were measured in accordance with GRAP 102 and restated retrospectively:		
Computer software		
Accumulated amortisation on computer software		

54. PROCESS TO COMPLY FULLY WITH THE IMPLEMENTATION OF GENERAL RECOGNISED ACCOUNTING PRACTICES (GRAP)

The municipality adopted a phased-in approach in order to comply fully with the implementation of GRAP. The municipality is classified by the National Treasury as a medium capacity municipality and must comply with GRAP by 30 June 2009. The municipality, however, took advantage of transitional provisions and implement GRAP at an earlier date in order to ensure more reliant financial reporting. The implementation plan for full compliance with the requirements of GRAP is listed in Appendix G.

John Taolo Gaetsewe District Municipality

NOTES ON THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2009

10 PROPERTY, PLANT AND EQUIPMENT

10.1 30 JUNE 2009

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2008	10 891 833	51 209 846	21 083 000	-	20 393	5 415 843	-	88 620 915
Cost	11 268 750	52 334 120	21 083 000	-	49 958	9 325 639	-	94 061 467
Original Cost	7 654 751	52 334 120	12 545 618	-	49 958	9 325 639	-	81 910 086
Correction of Error - Note	-	-	-	-	-	-	-	-
Change in Accounting Policy - Note	-	-	-	-	-	-	-	-
Revaluation	3 613 999	-	8 537 382	-	-	-	-	12 151 381
Accumulated Depreciation	788 595	2 868 660	13 800	-	39 556	5 318 552	-	9 029 163
Original Cost	788 595	2 868 660	13 800	-	39 556	5 318 552	-	9 029 163
Correction of Error - Note	-	-	-	-	-	-	-	-
Change in Accounting Policy - Note	-	-	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-	-	-
Acquisitions	282 259	-	-	-	-	1 577 335	-	1 859 594
Capital under Construction	275 901	-	-	-	-	-	-	275 901
Transfers from/(to) Non-current Assets Held for Sale - Note 14	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Transfers from/(to) Investment Properties - Note 15	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Transfers from/(to) Intangible Assets - Note 16	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Revaluations	-	-	-	-	-	-	-	-
Depreciation	(411 678)	(1 744 386)	(13 800)	-	(9 991)	(1 408 757)	-	(3 588 612)
Normal Depreciation	(411 678)	(1 744 386)	(13 800)	-	(9 991)	(1 408 757)	-	(3 588 612)
Backlog Depreciation previously not recorded	-	-	-	-	-	-	-	-
Carrying value of disposals	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Impairment losses	-	-	-	-	-	-	-	-
Cost	-	-	-	-	-	-	-	-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Carrying value at 30 June 2009	11 038 315	49 465 460	21 069 200	-	10 402	5 584 421	-	87 167 798
Cost	11 826 910	52 334 120	21 083 000	-	49 958	10 902 974	-	96 196 962
Original Cost	8 212 911	52 334 120	12 545 618	-	49 958	10 902 974	-	84 045 581
Revaluation	3 613 999	-	8 537 382	-	-	-	-	12 151 381
Accumulated Depreciation	788 595	2 868 660	13 800	-	39 556	5 318 552	-	9 029 163
Original Cost	788 595	2 868 660	13 800	-	39 556	5 318 552	-	9 029 163
Revaluation	-	-	-	-	-	-	-	-

10.2 30 JUNE 2008

Reconciliation of Carrying Value	Land and Buildings R	Infrastructure R	Community R	Heritage R	Lease Assets R	Other R	Housing R	Total R
Carrying value at 1 July 2007	7 067 543	-	12 545 618	-	30 385	3 264 435	-	22 907 981
Cost	7 038 372	-	12 545 618	-	49 958	8 914 238	-	28 548 186
Original Cost	7 038 372		12 545 618		49 958	8 914 238		28 548 186
Correction of Error - Note								-
Change in Accounting Policy - Note								-
Revaluation	-							-
Accumulated Depreciation	(29 171)	-	-	-	19 573	4 360 746	-	4 351 148
Original Cost	835 451		81 450		19 573	5 649 803		6 586 277
Correction of Error - Note	(864 622)		(81 450)			(1 289 057)		(2 235 129)
Change in Accounting Policy - Note								-
Revaluation								-
Acquisitions	5 841 789	52 334 120				2 160 012		60 335 921
Capital under Construction								-
Transfers from/(to) Non-current Assets Held for Sale - Note 14	-	-	-	-	-	-	-	-
Cost								-
Accumulated Depreciation								-
Transfers from/(to) Investment Properties - Note 15	-	-	-	-	-	-	-	-
Cost								-
Accumulated Depreciation								-
Transfers from/(to) Intangible Assets - Note 16	-	-	-	-	-	-	-	-
Cost								-
Accumulated Depreciation								-
Revaluations	3 613 999		8 537 382					12 151 381
Depreciation	(406 088)	(1 124 274)	-	-	(9 992)	-	-	(1 540 354)
Normal Depreciation	(406 088)	(1 124 274)			(9 992)			(1 540 354)
Backlog Depreciation previously not recorded								-
Carrying value of disposals	(250)	-	-	-	-	(8 604)	-	(8 854)
Cost	(250)					(459 554)		(459 804)
Accumulated Depreciation						450 950		450 950
Impairment losses	(5 225 160)	-	-	-	-	-	-	-
Cost								-
Accumulated Depreciation								-
Carrying value at 30 June 2008	10 891 833	51 209 846	21 083 000	-	20 393	5 415 843	-	88 620 915
Cost	-	-	-	-	-	-	-	-
Original Cost								-
Revaluation								-
Accumulated Depreciation	-	-	-	-	-	-	-	-
Original Cost								-
Revaluation								-

10.3 Details of Valuation

The effective date of the revaluations was 30 June 2008. Revaluations were performed by an independent valuers, **Valudata**. The valuers are not connected to the municipality. Land and Buildings are revalued independently every 4 years.

APPENDIX A
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
SCHEDULE OF EXTERNAL LOANS AS AT 30 JUNE 2009

EXTERNAL LOANS	Rate	Loan Number	Redeemable	Balance at 30/06/2008	Received during the period	Redeemed written off during the period	Balance at 30/06/2009	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with the MFMA
LONG-TERM LOANS									
Total Long-term Loans									
ANNUITY LOANS									
DBSA	10.848%	NC 101797		918 232	878 320	57 890	1 738 662	902 967	-
DBSA	11.640%	NC 102567		3 000 000	-	108 386	2 891 614	5 763 423	-
Total Annuity Loans				3 918 232	878 320	166 276	4 630 276	6 666 390	-
GOVERNMENT LOANS									
Other				-	-	-	-	-	-
Total Government Loans				-	-	-	-	-	-
LEASE LIABILITY									
Office Equipment				-	-	-	-	-	-
Total Lease Liabilities				-	-	-	-	-	-
TOTAL EXTERNAL LOANS				3 918 232	878 320	166 276	4 630 276	6 666 390	-

APPENDIX B
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals Income	Closing Balance	
Land and Buildings										
Land	3 092 400	-	-	-	3 092 400	-	-	-	-	3 092 400
Buildings	8 176 350	282 259	275 901	-	8 734 510	376 917	411 678	-	788 595	7 945 915
	11 268 750	282 259	275 901	-	11 826 910	376 917	411 678	-	788 595	11 038 315
Infrastructure										
Infrastructure	52 334 120	-	-	-	52 334 120	1 124 274	1 744 386	-	2 868 660	49 465 460
Roads and Streets	-	-	-	-	-	-	-	-	-	-
Beach Improvements	-	-	-	-	-	-	-	-	-	-
Sewerage Mains and Purification	-	-	-	-	-	-	-	-	-	-
Electricity mains	-	-	-	-	-	-	-	-	-	-
Electricity Peak Load equipment	-	-	-	-	-	-	-	-	-	-
Water Mains & Purification	-	-	-	-	-	-	-	-	-	-
Water Reservoirs	-	-	-	-	-	-	-	-	-	-
Water Meters	-	-	-	-	-	-	-	-	-	-
Water Mains	-	-	-	-	-	-	-	-	-	-
Landfill Sites	-	-	-	-	-	-	-	-	-	-
	52 334 120	-	-	-	52 334 120	1 124 274	1 744 386	-	2 868 660	49 465 460
Community Assets										
Farms	21 083 000	-	-	-	21 083 000	-	13 800	-	13 800	21 069 200
Libraries	-	-	-	-	-	-	-	-	-	-
Recreation Grounds	-	-	-	-	-	-	-	-	-	-
Civic Buildings	-	-	-	-	-	-	-	-	-	-
	21 083 000	-	-	-	21 083 000	-	13 800	-	13 800	21 069 200
Heritage Assets										
	-	-	-	-	-	-	-	-	-	-
Total carried forward	84 685 870	282 259	275 901	-	85 244 030	1 501 191	2 169 864	-	3 671 055	81 572 975

APPENDIX B
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals Income	Closing Balance	
Total brought forward	84 685 870	282 259	275 901	-	85 244 030	1 501 191	2 169 864	-	3 671 055	81 572 975
Lease Assets										
Office Equipment (Lease)	49 958	-	-	-	49 958	29 565	9 991	-	39 556	10 402
Other Assets										
Other Assets	9 325 639	1 577 335	-	-	10 902 974	3 909 795	1 408 757	-	5 318 552	5 584 422
Furniture and Fittings	-	-	-	-	-	-	-	-	-	-
Bins and Containers	-	-	-	-	-	-	-	-	-	-
Emergency equipment	-	-	-	-	-	-	-	-	-	-
Motor Vehicles	-	-	-	-	-	-	-	-	-	-
Fire Engines	-	-	-	-	-	-	-	-	-	-
Refuse Tankers	-	-	-	-	-	-	-	-	-	-
Computer Equipment	-	-	-	-	-	-	-	-	-	-
Councillors Regalia	-	-	-	-	-	-	-	-	-	-
Conservancy Tankers	-	-	-	-	-	-	-	-	-	-
Water crafts	-	-	-	-	-	-	-	-	-	-
	9 325 639	1 577 335	-	-	10 902 974	3 909 795	1 408 757	-	5 318 552	5 584 422
Total	94 061 467	1 859 594	275 901	-	96 196 962	5 440 551	3 588 612	-	9 029 163	87 167 799

APPENDIX C
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT AS AT 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

	Cost/Revaluation					Accumulated Depreciation				Carrying Value
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions	Disposals Income	Closing Balance	
Executive & Council	6 759 439	9 649	-	-	6 769 088	3 072 340	856 985	-	3 929 325	2 839 763
Finance & Admin	38 569 523	584 360	275 901	-	39 429 784	702 428	1 022 779	-	1 725 207	37 704 577
Planning & Development	61 700	-	-	-	61 700	15 180	3 771	-	18 951	42 749
Health	-	-	-	-	-	-	-	-	-	-
Community & Social Services	460 595	489 487	-	-	950 082	239 438	37 260	-	276 698	673 384
Housing	-	-	-	-	-	-	-	-	-	-
Public Safety	1 973 579	574 343	-	-	2 547 922	201 262	85 678	-	286 940	2 260 982
Sport & Recreation	-	-	-	-	-	-	-	-	-	-
Environmental Protection	-	-	-	-	-	-	-	-	-	-
Waste Management	-	-	-	-	-	-	-	-	-	-
Road Transport	334 822	201 755	-	-	536 577	127 885	50 292	-	178 177	358 400
Water	-	-	-	-	-	-	-	-	-	-
Electricity	-	-	-	-	-	-	-	-	-	-
Other	45 901 809	-	-	-	45 901 809	1 082 018	1 531 847	-	2 613 865	43 287 944
	94 061 467	1 859 594	275 901	-	96 196 962	5 440 551	3 588 612	-	9 029 163	87 167 799

APPENDIX D

JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

2008 Actual Income R	2008 Actual Expenditure R	2008 Surplus/ (Deficit) R		2009 Actual Income R	2009 Actual Expenditure R	2009 Surplus/ (Deficit) R
55 176 346	11 827 379	43 348 967	Executive & Council	4 390 930	9 474 926	(5 083 996)
34 294 528	17 168 181	17 126 347	Finance & Admin	40 385 672	21 633 212	18 752 460
466 261	4 666 239	(4 199 978)	Planning & Development	21 219	5 729 557	(5 708 338)
-	-	-	Health	-	-	-
45 664	2 815 797	(2 770 133)	Community & Social Services	26 160	4 840 946	(4 814 786)
-	-	-	Housing	-	-	-
725 562	2 330 611	(1 605 049)	Public Safety	800 713	2 374 137	(1 573 424)
-	-	-	Sport & Recreation	-	-	-
-	-	-	Environmental Protection	-	-	-
-	-	-	Waste Management	-	-	-
8 835 661	12 306 251	(3 470 590)	Road Transport	8 924 163	10 152 763	(1 228 600)
-	-	-	Water	-	-	-
-	-	-	Electricity	-	-	-
30 916 392	37 118 077	(6 201 685)	Other	45 810 349	54 512 189	(8 701 840)
130 460 414	88 232 535	42 227 879	Sub Total	100 359 206	108 717 730	(8 358 524)
-	(3 351 777)	3 351 777	Less Inter-Departmental Charges	-	(3 760 267)	3 760 267
130 460 414	84 880 758	45 579 656	Total	100 359 206	104 957 463	(4 598 257)

APPENDIX E(1)
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
REVENUE AND EXPENDITURE
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
MUNICIPAL VOTES CLASSIFICATION

	2009 Actual (R)	2009 Budget (R)	2009 Variance (R)	2009 Variance (%)	Explanation of Significant Variances greater than 10% versus Budget
REVENUE					
Property rates	21 681	23 840	(2 159)	-9.06%	
Government Grants and Subsidies	49 915 284	62 138 000	(12 222 716)	-19.67%	Grants not received Roads/Operation & Maintenance
Fines		469			Fines not Received
Levies (RSC)	510 021	510 021	-	0.00%	
Service Charges	5 544 882	7 896 969	(2 352 087)	-29.78%	Budget not enough-Hotaze
Rental of Facilities and Equipment	57 006	32 000	25 006	78.14%	Received more than budgeted
Interest Earned - External Investments	1 814 455	1 000 000	814 455	81.45%	Received more than budgeted
Agency Services	2 446 315	2 650 000	(203 685)	-7.69%	
Other Income	6 179 032	10 961 513	(4 782 481)	-43.63%	
Other Income - Projects	33 870 530	26 414 089	7 456 441	28.23%	Received more than budgeted
Gains on Disposal of PPE		-	-	0.00%	
Reversal of Impairment Loss		-	-	0.00%	
Changes in Fair Value		-	-	0.00%	
Inventory: Reversal of write-down to Net Realisable Value		-	-	0.00%	
Total Revenue	100 359 206	111 626 901	(11 267 226)	-10.09%	
EXPENDITURE					
Executive & Council	9 095 799	9 474 926	(379 127)	-4.00%	
Finance & Admin	22 447 364	21 633 212	814 152	3.76%	
Planning & Development	6 308 745	5 729 557	579 188	10.11%	
Community & Social Services	4 011 239	4 840 946	(829 707)	-17.14%	The over expenditure was due to salaries
Public Safety	2 910 346	2 374 137	536 209	22.59%	Expenditure of R3000000.00 was in SOCN/A
Road Transport	15 195 946	13 937 879	1 258 067	9.03%	
Other	48 773 140	56 525 966	(7 752 826)	-13.72%	Project funds was received after Budget
Less: Interdepartmental Charges	(3 785 116)	(1 444 861)	(2 340 255)	161.97%	
Total Expenditure	104 957 463	113 071 762	(8 114 299)	-7.18%	
NET SURPLUS/(DEFICIT) FOR THE YEAR	(4 598 257)	(1 444 861)	(3 152 927)	218.22%	

APPENDIX F
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
DISCLOSURES OF GRANTS AND SUBSIDIES IN TERMS OF SECTION 123 OF MFMA, 56 OF 2003

Grant Description	Balance 30 June 2008	Contributions during the year	Interest on Investments	Other Income	Operating Expenditure during the year Transferred to Revenue	Capital Expenditure during the year Transferred to Revenue	Balance 30 June 2009	Unspent 30 June 2009 (Creditor)	Unpaid 30 June 2009 (Debtor)
Municipal Systems Impr Grant	586 559	735 000	-	-	(1 051 202)	-	270 357	270 357	
Equitable Share Council Allowances		762 000			(762 000)		-		
Finance Management Grant	1 606 705	500 000	-	-	(427 887)	-	1 678 818	1 678 818	
Operation and Maintenance		44 634			(44 634)		-		
Municipal Systems Impr Grant Pre	4 746	-	-	-	(4 746)	-	-		
Equitable Share	-	11 359 939	-	-	(11 359 939)	-	-		
Provincial Road Subsidy	-	3 016 667	-	-	(3 016 667)		-		
Provincial Grand: Near	-	500 000	-	-	(500 000)		-		
Provincial Grand: Fire	-	300 000	-	-	(300 000)		-		
Levy Replacement Grant	-	24 757 000	-	-	(24 757 000)		-		
Municipal Infrastructure Grant		7 940 044			(7 940 044)		-		
	2 198 010	49 915 284	-	-	(50 164 119)	-	1 949 175		
Municipal Infrastructure Grant	1 070 441	1 235 956	-	-	-	-	2 306 397	2 306 397	
Donkey and Human Drawn Carts	25 002		-	-	(12 810)		12 192	12 192	
IDP Review	77 048		-	-	(72 544)		4 504	4 504	
Sanitation Households	67 080		-	-	(61 629)		5 451	5 451	
Health Section 78 Report	61 042		-	-	(46 106)		14 936	14 936	
Sanitation Households	85 574		-	-			85 574	85 574	
SETA Training	86 578		-	-	(69 900)		16 678	16 678	
EPWP Donkey Carts	113 767		-	-	(57 414)		56 353	56 353	
Housing Accreditation	1 011 527	1 000 000	-	-	(1 296 233)	-	715 294	715 294	
Library Grant: Magazines	825	1 000	-	-	(1 274)		551	551	
Library Grant: Development	79 931	145 000	-	-	(169 429)	(41 369)	14 133	14 133	
Asbestos Roads	691 447		-	-	(691 447)		-		
HIV/AIDS Council	92 069	-	-	-	(18 901)	-	73 168	73 168	
Sanitation Schools	64 821	6 199 179	-	-	(6 929 045)	-	(665 045)		665 045
Kgalagadi Projects	909 120	-	-	-	(842 566)	-	66 554	66 554	
Main Road Maintenance	365 907	5 996 508	-	-	(7 824 047)	-	(1 461 632)		1 461 632
DWAFF Awareness	315 503	-	-	-	(299 070)	-	16 433	16 433	
Housing Vanzylsrus	2 868 343	4 020 434	-	-	(5 299 742)	-	1 589 035	1 589 035	
EPWP Schools Project	1 219 552	2 200 000	-	-	(4 964 176)	-	(1 544 624)		1 544 624
Health	8 922	-	-	-	-	-	8 922	8 922	
Asbestos Roads 08/09	906 265	504 134	-	-	(1 541 017)	-	(130 618)		130 618
Sanitation Clinics	270 872	-	-	-	(232 989)	-	37 883	37 883	
Internal Audit	470 000	-	-	-	(470 000)	-	-		
Risk Management	125 551	-	-	-	(125 551)	-	-		

Commonage Farms	498 886	374 903	-	-	(448 074)	-	425 715	425 715	
Unsafe Schools Project	-	816 404	-	-	-	-	816 404	816 404	
Titan Intern Graduation Project	-	645 000	-	-	(987 500)	-	(342 500)		342 500
School Sanitation Project	-	8 000 000	-	-	(4 196 752)	-	3 803 248	3 803 248	
Fencing of Roads: Camden & Bende	-	576 094	-	-	(207 312)	-	368 782	368 782	
District Water Sector	-	65 411	-	-	(66 335)	-	(924)		924
Sport Development	-	100 198	-	-	(99 981)	-	217	217	
Umsobomvu Youth Advisory Centre	-	469 159	-	-	(556 066)	-	(86 907)		86 907
Fencing of Roads 08/09	-	-	-	-	(586 346)	-	(586 346)		586 346
Vanzylsrus Housing Retention	-	222 955	-	-	-	-	222 955	222 955	
Donations		28 424			(17 443)		10 981	10 981	
Total	13 684 083	82 516 043	-	-	(88 355 818)	(41 369)	7 802 939	12 621 535	4 818 596
	-	-	-	-	-	-	-		
Unspend Funds								12 195 820	
Creditors Commonage								4 818 596	

APPENDIX E (2)
JOHN TAOLO GAETSEWE DISTRICT MUNICIPALITY
ACTUAL VERSUS BUDGET FOR THE YEAR ENDED 30 JUNE 2009
ACQUISITION OF PROPERTY, PLANT AND EQUIPMENT & INTANGIBLE ASSETS
MUNICIPAL VOTES CLASSIFICATION

	2009 Actual	2009 Under Construction	2009 Total Additions	2009 Budget	2009 Variance	2009 Variance	Explanation of Significant Variances greater than 5% versus Budget
	R	R	R	R	R	%	
Executive & Council	9 649	-	9 649	1 220 000	(1 210 351)	-99.21%	Vehicles not bought
Finance & Admin	584 360	275 901	860 261	1 250 000	(389 739)	-31.18%	Building project not completed
Planning & Development	-	-	-	-	-	0.00%	
Health	-	-	-	-	-	0.00%	
Community & Social Services	489 487	-	489 487	475 000	14 487	3.05%	
Housing	-	-	-	-	-	0.00%	
Public Safety	574 343	-	574 343	590 000	(15 657)	-2.65%	
Sport & Recreation	-	-	-	-	-	0.00%	
Environmental Protection	-	-	-	-	-	0.00%	
Waste Management	-	-	-	-	-	0.00%	
Road Transport	201 755	-	201 755	166 800	34 955	20.96%	Vehicle more than budgeted
Water	-	-	-	-	-	0.00%	
Electricity	-	-	-	-	-	0.00%	
Other	-	-	-	1 200 000	(1 200 000)	-100.00%	Hotazel- No replacement was needed
Total	1 859 594	275 901	2 135 495	4 901 800	(2 766 305)	-0.564344731	